

PERFORMANCE REPORT

During the year, SBA developed a new Strategic Plan covering the period FY 2003 - FY 2008. This new plan identified new goals and objectives that are more results-oriented, and which are supported by outcome measures that more specifically track the impact of SBA's programs and activities. In addition, multi-year strategies for achieving the defined results were described. These strategies included both continuing efforts that will be maintained and New Initiatives that will be undertaken, as SBA strives for a more focused and well-planned effort to use its resources effectively. These new Strategic Plan goals, objectives, measures and strategies have provided a foundation for development of the Agency's budget, as well as a structure for development of this Performance Report.

STRATEGIC GOAL ONE

Improve the economic environment for small businesses

This strategic goal is intended to ensure that all enterprising Americans have the maximum opportunity to succeed. In FY 2003, SBA saved small businesses money; protected them from excessive Federal regulatory enforcement; provided automated tools and information on how to comply with laws and regulations; and played a key role in ensuring full and open competition to government contracts. As an advocate, SBA improved the economic environment in which small business compete

The Office of Advocacy contributed to this goal by advancing the views, concerns, and interests of small business before Congress, the White House, Federal agencies, Federal courts, and state policy makers. This office also conducted economic research, policy analyses, and small business outreach to help identify issues of concern. The following chart illustrates the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

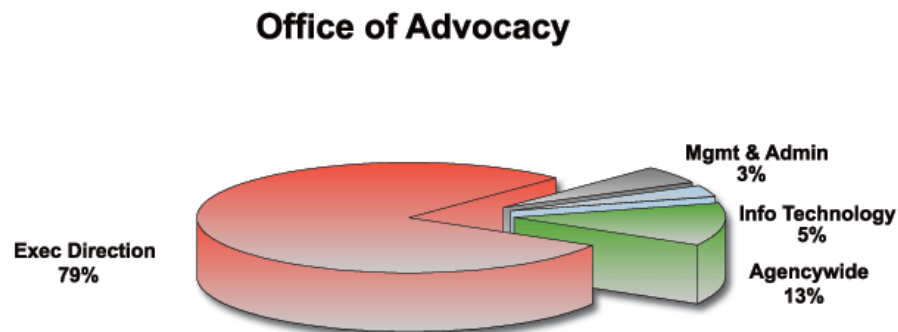


Figure 1. Office of Advocacy, FY 2003 Cost Components

The National Ombudsman assisted small businesses with unfair and excessive Federal regulatory enforcement, such as repetitive audits or investigations, excessive fines, penalties, retaliation or other unfair regulatory enforcement action by a Federal Agency. This office also received complaints and comments from small business concerns, acting as a “trouble shooter” between them and Federal agencies.

The Office of the Chief Information Officer helped small businesses succeed by serving as the champion for BusinessLaw.gov, a Federal online resource guide designed to provide legal

and regulatory information. Topics covered on the site range from the most basic and crucial, such as choosing a business structure, to the most complex and specialized such as e-commerce and exporting.

The Office of Government Contracting and Business Development (GCBD) worked to create an environment for maximum participation by small, disadvantaged, and woman-owned businesses in Federal government contract awards and large prime subcontract awards. GCBD fulfills this function through the Prime Contracting and the Subcontracting programs by establishing government-wide small annual business goals, to foster an equitable Federal procurement policy, in terms of a percentage of annual expenditure. The following charts illustrate the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

Prime Contracting Program

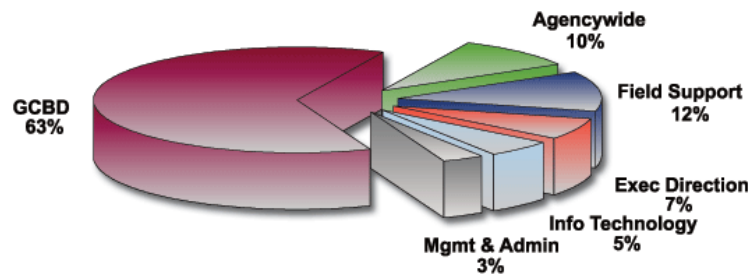


Figure 2. Prime Contracting Program, FY 2003 Cost Components

Subcontracting Program

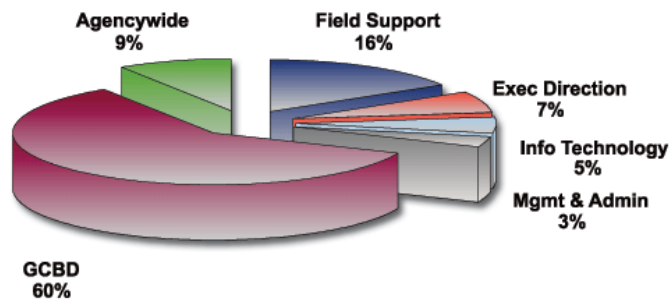


Figure 3. Subcontracting Program, FY 2003 Cost Components

Additionally, GCBD increased the opportunities for small business to obtain Federal contracts through the Procurement Matchmaking program. The matchmaking events provide a unique opportunity for small businesses to present product and service solutions to buyers through prescheduled one-on-one appointments with procurement managers. The following chart illustrates the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

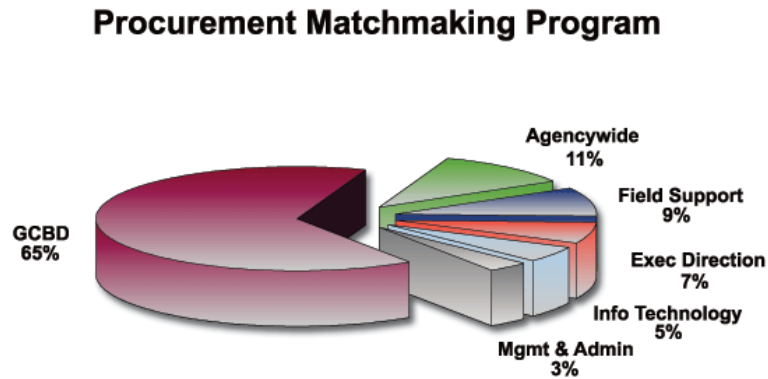


Figure 4. Procurement Matchmaking Program, FY 2003 Cost Components

Long-term Objective 1.1

Minimize the regulatory burden on small business through effective advocacy.

Annual Results

| Results and Resources | | | | | | | | |
|--|------------------|----------------|----------------------|--------------|----------------|---------------------|------------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY 2008. | | | | | | | | |
| | \$3.6B | \$4.4B | \$21.1B ¹ | \$4.0B | \$6.3B | \$4.6B ² | \$5.1B | \$24.5B |
| 1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY 2008. ³ | | | | | | | | |
| | N/A ⁴ | N/A | N/A | N/A | N/A | 25 | 25 | 66 |
| 1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY 2008. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 10 | 10 | 50 |
| 1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY 2008. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 16 | 16 | 80 |
| SBA Annual Output Measures | | | | | | | | |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Research Publications | 25 | 17 | 18 | 20 | 30 | 20 | 20 | 100 |
| SBA Annual Outcomes Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Total Regulatory Burden Assistance Cost (\$000) | \$7,126 | \$7,175 | \$7,780 | \$9,709 | \$8,680 | \$11,239 | TBD ⁵ | TBD |

¹ \$21.1B is an anomaly. Advocacy saved businesses an unprecedented \$21.1B in potential cost regulations. The bulk of the cost savings were due to the revisions made to the Cross Media Electronic & Record keeping by the Environmental Protection Agency, which resulted in an estimate savings of \$18B. Although a valid cost savings, it's sheer magnitude made it an aberration, and therefore it should not be used in any performance or target calculations.

² The \$4.5B figure that was originally published in the Budget Request and Performance Plan Report, Congressional Submission Fiscal Year 2004, was an estimate. The new figure, \$4.6B is based on the median of savings achieved in FY 1999, 2000, 2001 and 2002, plus or minus two standard deviations to eliminate outliers.

³ E.O. 13272. "Proper Consideration of Small Entities in Agency Rulemaking", requires agencies to establish policies and procedures for complying with Regulatory Flexibility Act, and requires the Office of Advocacy to issue periodic guidance on how to comply and provide Agency training

⁴ N/A = Not Applicable

⁵ TBD = To Be Determined

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|------------------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Advocacy | Research publications | 25 | 17 | 18 | 20 | 30 | 20 | 20 | 100 |
| | Total Research Publications | 25 | 17 | 18 | 20 | 30 | 20 | 20 | 100 |

| Program Annual Outcome Measures | | | | | | | | | |
|---|---|----------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY20 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.1.1 Achieve a yearly regulatory cost savings that increases at a rate of 10 percent annually over a base amount of \$3.8 billion set in 2002, due to Advocacy intervention, by FY 2008. | | | | | | | | | |
| Advocacy | Regulatory cost savings to small businesses | \$3.6B | \$4.4B | \$21.1B | \$4.0B | \$6.3B | \$4.6B | \$5.1B | \$24.5B |
| | Total Regulatory Cost Savings | \$3.6B | \$4.4B | \$21.1B | \$4.0B | \$6.3B | \$4.6B | \$5.1B | \$24.5B |
| 1.1.2 Ensure 66 Federal agencies have in-house expertise on how to comply with the Regulatory Flexibility Act (RFA) as amended by the Small Business Regulatory Enforcement Fairness Act of 1996, by FY 2008. | | | | | | | | | |
| Advocacy | Number of regulatory agencies with in-house RFA expertise | N/A | N/A | N/A | N/A | N/A | 25 | 25 | 66 |
| | Total | N/A | N/A | N/A | N/A | N/A | 25 | 25 | 66 |
| 1.1.3 Achieve a total of 50 states that have formally considered legislative or executive action to increase regulatory flexibility for small businesses, by FY 2008. | | | | | | | | | |
| Advocacy | Number of states formally considering legislative or executive action | N/A | N/A | N/A | N/A | N/A | 10 | 10 | 50 |
| | Total | N/A | N/A | N/A | N/A | N/A | 10 | 10 | 50 |
| 1.1.4 Insert Advocacy data and reports into the curricula at 80 of the top 100 universities with major entrepreneurship programs, by FY 2008. | | | | | | | | | |
| Advocacy | Research publications and data reports in curricula | N/A | N/A | N/A | N/A | N/A | 16 | 16 | 80 |
| | Total | N/A | N/A | N/A | N/A | N/A | 16 | 16 | 80 |

| Program Annual Costs | | | | | | | | | |
|----------------------|---------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Advocacy | Program cost (000) | \$7,126 | \$7,175 | \$7,780 | \$9,709 | \$8,680 | \$11,239 | TBD | TBD |
| | Cost per \$1 million in savings | \$1,979 | \$1,631 | \$369 | \$2,427 | \$1,378 | \$2,443 | TBD | TBD |
| | Total | \$7,126 | \$7,175 | \$7,780 | \$9,709 | \$8,680 | \$11,239 | TBD | TBD |

Program Performance and Cost to Achieve Results

Office of Advocacy

SBA, through the Office of Advocacy was able to exceed its FY 2003 goals of savings to small businesses in foregone regulatory costs and in producing economic research publications. By persuading government agencies to consider small business concerns adequately during rulemaking processes and documenting the importance of small business in economic studies, the Office of Advocacy was able to save the small businesses \$6.3 billion, which is 157.5% its goal of \$4.0 billion, and \$5.9 billion in recurring annual cost savings. These cost savings were achieved by a legal team that persuades government agencies to consider small business entity concerns adequately during rulemaking and a research team that documents the importance of small business through economic studies.

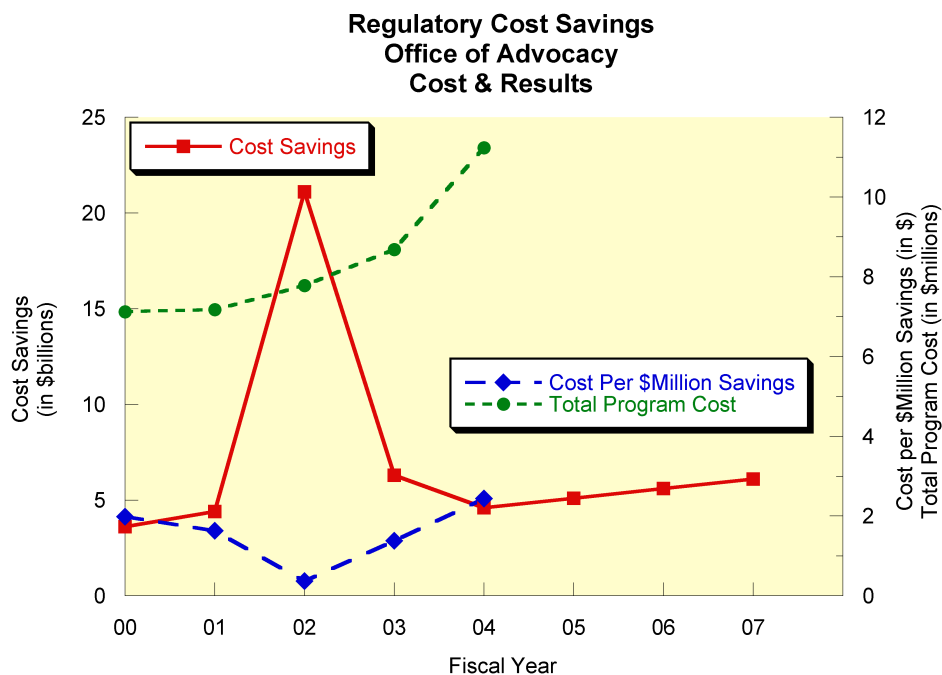


Figure 5. Office of Advocacy, Cost and Results

Advocacy's efforts were bolstered by Executive Order 13272, "Proper Consideration of Small Entities in Agency Rulemaking," signed by President Bush on August 13, 2002. By signing the Executive Order (E.O.), the President delivered on an important component of his Small Business Agenda. This E.O. requires agencies to consider potential impacts on small business entities when promulgating regulations in compliance with the Regulatory Flexibility Act (RFA). In response to this Executive Order, Advocacy was able to 1) issue an RFA compliance guide for Federal agencies; 2) award a contract to Gillespie Associates to develop an RFA training curriculum based on Advocacy's RFA guide; 3) pilot test the training with the assistance of three Federal agencies and begin the rollout of the training government-wide; 4) and issue a report to the Office of Management and Budget on Agency compliance with the Executive Order.

In its effort to improve awareness of small business issues in the legislative and regulatory process and in the research community, and as a result of small business research it conducted, Advocacy was able to surpass its goal of producing 20 research reports. In fact, Advocacy produced 30 reports in FY 2003. Advocacy's data has been quoted at meetings, conferences, during research presentations and at regional focus groups conducted during FY 2003.

In FY 2003, the regional focus groups with academics, conducted by Advocacy's Chief Economist, highlighted the importance of research and strategies that will increase Advocacy's research effectiveness. According to these focus groups, Advocacy should leverage its research dollars to encourage and promote small business and entrepreneurial research amongst academics and researchers, while at the same time promoting research that impacts the public policy debate. In addition, it is important for Advocacy to bring the best minds together to discuss issues of importance to small business. As a result, Advocacy will sponsor a major conference that will explore what the economic future holds for small businesses. Advocacy has a history of holding such conferences with great success (e.g., Conferences on "The Third Millennium" tax and industrial organization) and plans to continue this tradition.

Long-term Objective 1.2

Ensure equity and fairness in the Federal regulatory enforcement process.

Annual Results

| Results and Resources | | | | | | | | |
|--|------------------|----------------|----------------|------------------|----------------|--------------|------------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses. | | | | | | | | |
| | N/A ¹ | N/A | N/A | N/A ² | N/A | N/A | -5% | -10% |
| 1.2.2 Achieve a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | N/A | 5% | 10% |
| 1.2.3 Achieve an annual customer satisfaction rating of 85 percent for complaint filers by FY 2008. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 70% | 75% | 85% |
| SBA Annual Output Measures | | | | | | | | |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Receiving Assistance with Regulatory Enforcement Process | NA | NA | 250,000 | 500,000 | 2,200,000 | 850,000 | 900,000 | 5,450,000 |
| SBA Annual Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Total Assistance with Regulatory Enforcement Process Cost (\$000) | \$1,427 | \$935 | \$2,945 | \$2,627 | \$1,200 | \$2,993 | TBD ³ | TBD |

¹ N/A = Not Applicable.

² OMB has requested that this goal be moved off during the summer of FY03 because there will be no preliminary data until the second quarter of FY04. Because this is a new requirement, many agencies are delayed in reporting, and this will make it difficult to establish a baseline.

³ TBD = To Be Determined

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|----------------|------------------|----------------|----------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| National Ombudsman | Percentage of excessive enforcement ¹ | N/A | N/A | N/A | -5% | -5% | -10% | -5% | -10% |
| | Percentage of compliance assistance | N/A | N/A | N/A | 5% | 5% | 5% | 5% | 10% |
| | Percentage of Federal Agency responses ² | N/A | N/A | 50% | 55% | 79% | 70% | 75% | 80% |
| | Number of small business contacts | N/A | N/A | 250,000 | 300,000 | 2,000,000 | 600,000 | 600,000 | 3,700,000 |
| | Percentage of reduction of civil enforcement actions ³ | N/A | N/A | N/A | N/A | N/A | N/A | -5% | -10% |
| | Percentage of compliance assistance-single points of contact for SBPRA ⁴ | N/A | N/A | N/A | 60% | N/A | 65% | 70% | 85% |
| | Number of small businesses impacted by comments made via ONO to Federal agencies ⁵ | N/A | N/A | N/A | 200,000 | 200,000 | 250,000 | 300,000 | 1,750,000 |
| | Percentage of increase in the number of enforcement actions with reduced or waived penalties. ⁶ | N/A | N/A | N/A | N/A | N/A | N/A | 5% | 10% |
| | Increase percentage in customer satisfaction. ⁷ | N/A | N/A | N/A | N/A | N/A | 70% | 75% | 85% |
| | Total Receiving Assistance | N/A | N/A | 250,000 | 500,000 | 2,200,000 | 850,000 | 900,000 | 5,450,000 |

¹ Due to new legislative requirement in the Paperwork Relief Act of 2003, for Federal agencies to establish a baseline for this activity by 12/31/03, we will coordinate its activities with the legislative deadline and not measure this goal for FY03, but will do so in FY04 and FY05.

² The projected percent of Federal Agency responsiveness is increased by 10% in FY04 and FY05 based on improved Federal Agency Activity.

³ To coordinate the Office of National Ombudsman (ONO) efforts with new legislation, the 5% decrease for this goal will be measured until 12/31/04. Federal agencies are required by the Paperwork Relief Act of 2002 to establish, for the first time, as a baseline by 12/31/03 and to measure and report against the baseline by 12/31/04.

⁴ Small Business Paper Relief Act (SBPRA) requires a source of information on compliance assistance and a single point of contact for paperwork reduction for small businesses. 44 U.S.C §§ 3504 (c) (6) & 3406 (i). There are 70 agencies.

⁵ Under SBREFA, ONO requests a Federal Agency to make a high-level review of regulatory compliance decisions affecting a small business. ONO evaluates the Agency's response by independent criteria intended to encourage the use of alternative means to a less burdensome regulator outcome resulting in compliance. The FY02 goal stated the 50% of Federal agencies would respond to comments by small businesses. The goal in each succeeding fiscal year is to increase the response rate by 5% above the previous fiscal year.

⁶ This is a new goal and based on new data that will be available because of legislative requirement of the Paperwork Relief Act of 2003 for Federal agencies. First time measurable results will be in FY05.

⁷ This is a new goal and will be measured for the first time in FY04.

| Program Annual Outcome Measures | | | | | | | | | |
|--|---|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.2.1 Achieve a 10 percent decrease in the annual number of Federal regulatory enforcement actions taken against small businesses and a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008. | | | | | | | | | |
| National Ombudsman | Percentage of reduction of civil enforcement actions | N/A | N/A | N/A | N/A | N/A | N/A | -5% | -10% |
| 1.2.2 Achieve a 5 percent increase in the number of enforcement actions in which the civil penalty is reduced or waived, by FY 2008. | | | | | | | | | |
| National Ombudsman | Percentage of increase in the number of enforcement actions with reduced or waived penalties. | N/A | N/A | N/A | N/A | N/A | N/A | 5% | 10% |
| 1.2.3 Achieve an annual customer satisfaction rating of 85 percent for complaint filers by FY 2008. | | | | | | | | | |
| National Ombudsman | Increase percentage in customer satisfaction. | N/A | N/A | N/A | N/A | N/A | 70% | 75% | 85% |

| Program Annual Costs | | | | | | | | | |
|----------------------|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| National Ombudsman | Program cost | \$1,427 | \$935 | \$2,945 | \$2,627 | \$1,200 | \$2,993 | TBD | TBD |
| | Unit Cost | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total Cost | \$1,427 | \$935 | \$2,945 | \$2,627 | \$1,200 | \$2,993 | TBD | TBD |

Program Performance and Costs to Achieve Results

Office of The National Ombudsman

In FY 2003, the ONO met and surpassed the goal for public hearings it set in the Agency's Execution Scorecard. The ONO processed more than 400 small business comments representing the concerns of over 1.2 million entrepreneurs. Approximately 150 small business owners gave public testimony regarding unfair Federal enforcement of regulations.

Additionally, fourteen regional public TEAM meetings were held to introduce women, minority and veteran small business owners to the services of the ONO. The Ombudsman Website was visited a record of 2.1 million times during FY 2003—almost double the number last year.

The ONO held two inter-Agency meetings—increasing collaboration among more than 30 Federal agencies to make the regulatory enforcement environment more small business friendly. As a result, the ONO increased the responsiveness of Federal agencies to small business comments from 53% to 79%, and eight Federal agencies adopted policies to protect small business owners from retaliation by Federal employees.

The ONO led the first interactive Regulatory Enforcement Fairness hearing using video-conference to simultaneously reach four states and 12 sites. ONO hosted its first region-wide, telephone-conference, Web-based Regulatory Enforcement Fairness hearing to encourage participation from rural and remote locations in six states.

In FY 2003, the ONO trained 20 new volunteer Regulatory Fairness Board Members enabling board members to participate in 95 outreach activities. Collectively, they made presentations to local trade groups and organizations representing approximately 250,000 small business owners to inform them of the services offered by ONO.

Other Initiatives

The ONO leveraged its resources and partners to reach organizations and trade groups representing over 7.8 million small businesses by gathering and sharing ideas and information through focus groups, media, and live training.

The ONO joined with OMB/OIRA to establish baselines and begin measurement of Federal regulatory enforcement activities mandated by the Small Business Paperwork Relief Act of 2002.

The Office the National Ombudsman underwent a reevaluation of its performance indicators during FY 2003. As a result, more time is required to develop a historical perspective on the new indicators.

Goals Exceeded

ONO's success in FY 2003 resulted from effective management of human capital, implementation of a better results tracking program, expanded usage of technology, greater reliance of volunteer RegFair Board members and management programs for "Do more with less" under budgetary constraints. Further, ONO had a spike in small businesses contacted as a result of the active involvement of major trade associations in testimony and communications to membership including one representing 1,100,000 small businesses. Additionally, the Office of the National Ombudsman underwent a reevaluation of its performance indicators during FY 2003. As a result, more time is required to develop a historical perspective on the new indicators.

Long-term Objective 1.3

Minimize the taxation burden on small business through effective advocacy.

Annual Results

This is a new long-term objective identified in the SBA strategic plan which was developed at the end of FY 2003. Results, related costs and summary of program performance are not available for this year.

Long-term Objective 1.4

Minimize the health care cost burden on small business through effective advocacy.

Annual Results

This is a new long-term objective identified in the SBA strategic plan which was developed at the end of FY 2003. Results, related costs and summary of program performance are not available for this year.

Long-term Objective 1.5

Simplify the interaction between small businesses and the Federal government through the use of the Internet and information technology.

Annual Results

| Results and Resources | | | | | | | | |
|---|------------------|------------------|---------------------|------------------|----------------|--------------|--------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.5.1 By FY 2008, achieve a savings for businesses of at least \$56 million through the creation, operation, and maintenance of the Business Gateway, a "one-stop" interagency, intergovernmental Web portal for all government-to-business transactions. | | | | | | | | |
| | N/A ¹ | N/A ² | N/A | N/A | N/A | \$15M | \$30M | \$146M |
| 1.5.2 By FY 2008, achieve a savings of \$16 billion from reducing the unnecessary paperwork burden on small business, from an FY 2002 baseline of \$160 billion in annual costs. | | | | | | | | |
| | N/A | N/A | \$160B ³ | N/A ⁴ | N/A | \$1B | \$5B | \$32B |
| 1.5.3 By FY 2008, achieve a savings of \$358 million through the deployment of electronic tools to facilitate compliance with government laws and regulations. | | | | | | | | |
| | N/A | N/A | \$20M | \$275M | \$21M | \$50M | \$150M | \$829M |
| SBA Annual Output Measures | | | | | | | | |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Time Saved | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Number participants | N/A | N/A | 170,000 | 200,000 | 250,000 | N/A | N/A | N/A |
| Reduced costs | N/A | N/A | \$20M | \$275M | \$21M | \$50M | \$150M | \$829M |
| SBA Annual Outcomes Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Total cost to achieve savings (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

¹ Information to determine cost savings will be obtained through a customer satisfaction survey that will not be conducted until after application is up and running after October 2004.

² N/A = Not Applicable

³ Outcome measure data gathered in FY03 based on FY02 information for FY04 implementation of outcome measure.

⁴ Information used to determine measure is collected at fiscal year end and will therefore always be one year behind.

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|---|----------------|----------------|----------------|----------------|----------------|--------------|---------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Business Gateway | Time saved in locating relevant government information and forms ¹ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Number of users per week | N/A | N/A | 170,000 | 200,000 | 250,000 | N/A | N/A | N/A |
| | Reduced costs to businesses and regulatory agencies | N/A | N/A | \$20M | \$275M | \$21M | \$50M | \$150M | \$829M |
| | Total Time Saved | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Total number participants | N/A | N/A | 170,000 | 200,000 | 250,000 | N/A | N/A | N/A |
| | Total Reduced Costs | N/A | N/A | \$20M | \$275M | \$21M | \$50M | \$150M | \$829M |

| Program Annual Outcome Measures | | | | | | | | | |
|---------------------------------|--|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Business Gateway | 1.5.1 By FY 2008, achieve a savings for businesses of at least \$56 million through the creation, operation and maintenance of the Business Gateway, a "one-stop" interagency, intergovernmental Web portal for all government-to-business transactions. | | | | | | | | |
| | Business Savings | N/A | N/A | N/A | N/A | N/A | \$15M | \$30M | \$146M |
| | 1.5.2 By FY 2008, achieve a savings of \$16 billion from reducing the unnecessary paperwork burden on small business, from an FY 2002 baseline of \$160 billion in annual costs. | | | | | | | | |
| | Business Savings | N/A | N/A | \$160B | N/A | N/A | \$1B | \$5B | \$32B |
| | 1.5.3 By FY 2008, achieve a savings of \$358 million through the deployment of electronic tools to facilitate compliance with government laws and regulations. | | | | | | | | |
| | Business Savings | N/A | N/A | \$20M | \$275M | \$21M | \$50M | \$150M | \$829M |

¹ Information to determine time savings will be obtained through a customer satisfactions survey that will not be conducted until after application is up and running after October 2004.

| Program Annual Costs | | | | | | | | | |
|----------------------|--------------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Business Gateway | SBA Administrative Cost Actual | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Investment Initiative | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | SBA Cost per user | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Total | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

Program Performance and Cost to Achieve Results

Business Gateway

To simplify the interactions between small business and the Federal Government through the use of the internet and information technology, SBA outlined out three strategies: 1) provide quick access to appropriate laws and regulations 2) create the functionality for businesses to apply on line for selected licenses and permits at the Federal, state and local level, and 3) create online tools that help business determine what laws and regulations apply to them and to determine their level of compliance. To date SBA has fully implementing these objectives by carrying out the following activities:

1) Provide quick access to appropriate laws and regulations.

SBA enhanced the utility of BusinessLaw.gov. Weekly accesses increased from approximately 110,000 a week to 250,000. Part of the "new SBA" workforce transformation was implemented providing new functions for approximately 50 field legal staff who are transforming the web site at no additional cost. New templates were produced for state laws and regulations to increase ease of use. A monthly newsletter was published to expand outreach. SBA purchased a content management tool, a new server, and negotiated an online answer desk (CRM) tool to offer improved functionality. SBA saved an estimated \$20 million for business users by making legal and regulatory information more accessible (i.e., estimated 13,000 unique users per week or 500,000 per year x 1 hour saved per year at \$40 per hour equals an estimated \$20 million in savings).

The redirection of the project led to the modification of the above referenced strategy to Outcome Measure 1.5.2. The FY 2002 Actual, the FY 2003 Goal and the FY 2003 Estimate were based on the previous enhancements to BusinessLaw.gov. Future cost savings will be determined by the revised Business Gateway project which will encompass more than just BusinessLaw.gov.

Business Gateway Discontinued Performance Indicators

Mid year FY 2003 the project was re-directed to include a Federal forms portal, and to organize the online compliance assistance resources in a user friendly searchable manner. The changes translated into the elimination of 2 of the previously mentioned strategies for simplifying the interaction between small business and the Federal government. While these strategies successfully implemented in FY 2003 they will not be continued.

2) Create the functionality for business to apply on line for selected licenses and permits at the Federal, state and local level.

Integrated Business Registration Application

SBA built and launched an integrated state/Federal registration/employer identification number (EIN) application – a web application that allows new businesses to get a Federal EIN from IRS and register with the state in which they conduct business in a single transaction (e.g., Georgia and Illinois). By the end of FY 2003, approximately 11,000 applications had been processed saving an estimated \$440,000 for the business owners in complying just with the Federal requirements.

Harmonized Coal-Mining Reporting

SBA completed a single-source coal reporting prototype that allows coal mining companies to report their quarterly coal production to several Federal agencies and states through a single transaction. The initial release included the Office of Surface Mining, Mine Safety and Health Administration, the IRS, and the State of Pennsylvania, saving an estimated \$1,000,000 for coal miners.

The new focus of the project will utilize the previous efforts of the Single Source Coal Reporting Working Group and expand it to include other Federal forms that pertain to surface coal mining. The work done in this work group and the others under the business gateway initiative will help to achieve the outcome measures laid out in 1.5.2.

3) Create online tools that help business determine what laws and regulations apply to them and to determine their level of compliance.

Start-up Advisor

SBA built and launched the Start-up Advisor module. The completed integrated module was incorporated into sba.gov as core of “starting a business” and provides information and tools to prospective businesses to help them start a business.

Digital Guides

SBA created four digital compliance assistance tools: OSHA’s emergency building evacuation e-tool; INS’s Alien Employee Visa Classification & I-9 (employee eligibility certification) eTools; EPA’s Auto Dismantler & Recycler & Environmental Audit Advisor and Motor Vehicle Waste Disposal Wells Advisor eTools; and IRS’s contractor versus employee filing information.

Although SBA was able to create very useful and helpful online regulatory compliance assistance resources, the re-direction of the project calls for the integration of the current resources available by other Federal agencies as well as our own. SBA will create one location by which business can search information on Federal programs, services and compliance assistance resource. This re-direction spawned the creation of the Outcome Measure 1.5.1. SBA is currently creating this website and therefore no baseline is currently available.

In 2002 Congress passed the Small Business Paperwork Relief Act. Under this act, the Office of Management and Budget was to assemble a taskforce to address the means by which the Federal Government could alleviate the Federal Regulatory Paperwork Burden. An additional task was performed that was not outlined specifically in our goals Small Business Paperwork Relief Act Implementation Completed the Small Business Paperwork Relief Act committee report and published it in June 2003. The report recommended ways to reduce the inordinate burden on of paperwork regulations on small businesses.

Portal Maximizer

The Piloted Portal Maximizer, a thematic and semantic search tool, was tested. The Portal assists users in finding specific information on laws and regulations.

Business Gateway has undergone a reevaluation of its focus and performance indicators during FY 2003. As a result, more time is required to develop a historical perspective on the new indicators. SBA will start tracking them during the FY 2004 cost activity base survey.

Goals Not Achieved

This project, previously designated as Business Compliance One-Stop, was re-designated the Business Gateway, and its focus in FY 2003 and FY 2004 shifted from compliance assistance to the relief of the paperwork burden on citizen and businesses. This change in focus was directed by OMB to achieve specific Federal-level goals. Prior to this change, we anticipated a full implementation of the activities to achieve the \$275 million in cost savings. As the direction of the project was shifted, this goal and the metric it was tied to was and will no longer be pursued.

Long-term Objective 1.6

Increase the opportunities for small businesses to receive open and fair access to Federal contracts.

Annual Results

| Results and Resources | | | | | | | | |
|--|------------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.6.1 Each year, Federal agencies meet the government-wide goal of awarding 23 percent of government contracts to small businesses | 22.3% | 22.8% | 22.6% | 23.0% | N/A | 23.0% | 23.0% | 23.0% |
| SBA Annual Output Measures | | | | | | | | |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Receiving Procurement Assistance | N/A ¹ | N/A | 400 | 4,800 | 25,971 | 26,000 | 28,000 | 153,313 |
| SBA Annual Outcomes Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Total Procurement Assistance Cost (\$000) | \$22,707 | \$26,305 | \$24,513 | \$32,326 | \$23,045 | \$28,123 | \$30,126 | \$106,732 |

¹ N/A = Not Applicable

| Program Annual Output Measures | | | | | | | | | |
|---|--|----------------|----------------|----------------|--------------|----------------|---------------|---------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Government Contracting/Business Development | | | | | | | | | |
| Prime Contracting Assistance | Conducted Mid-Year reviews for 22 agencies for goal compliance | N/A | N/A | N/A | N/A | 22 | 22 | 22 | 132 |
| | Percentage of all Prime Contracting procurement dollars awarded to small firm ^s | 22.30% | 22.80% | 22.62% | 23.00% | N/A | 23.00% | 23.00% | 23.00% |
| | Number of businesses trained and counseled at training or outreach events | N/A | N/A | N/A | N/A | 18,000 | 20,000 | 21,000 | 128,513 |
| | Percentage of all Prime Contracting procurement dollars awarded to small disadvantage businesses | 6.50% | 7.12% | 6.75% | 5.00% | N/A | 5.00% | 5.00% | 5.00% |
| | Percentage of all Prime Contracting dollars awarded to women-owned small businesses | 2.30% | 2.49% | 2.90% | 5.00% | N/A | 5.00% | 5.00% | 5.00% |
| | Percentage of all Prime Contracting procurement dollars awarded to service disabled veteran-owned small businesses | N/A | 0.25% | 0.13% | 3.00% | N/A | 3.00% | 3.00% | 3.00% |
| | Percentage of all Federal Prime Contracting dollars awarded to qualified HUBZone small business concerns | 0.30% | 0.72% | 0.71% | 3.00% | N/A | 3.00% | 3.00% | 3.00% |
| Subcontracting Assistance | Percentage of all subcontracting procurement dollars awarded to disadvantage businesses | 6.70% | 5.90% | N/A | 5% | N/A | 5% | 5% | 5% |
| | Percentage of all subcontracting dollars awarded to women-owned small businesses | 4.70% | 4.50% | N/A | 5% | N/A | 5% | | 5% |
| | Percentage of all subcontracting procurement dollars awarded to service disabled veteran-owned small businesses | N/A | 0.08% | N/A | 3% | N/A | 3% | 3% | 3% |
| Procurement Match-making | Small businesses assisted via pre-scheduled selling meetings with procurement officials | N/A | N/A | 400 | 4,800 | 7,971 | 6,000 | 7,000 | 24,800 |
| | Number of events held | N/A | N/A | 1 | 5 | 3 | 12 | 8 | 60 |
| | Total Federal Grant and Contract Dollars Awarded | \$1.2B | \$1.3B | \$1.5B | \$1.5B | N/A | \$1.5B | \$1.6B | \$8.0B |
| | Commercialization Rate | 39% | 40% | 41% | 42% | N/A | 42% | 44% | 46% |
| | Total Receiving Procurement Assistance | N/A | N/A | 400 | 4,800 | 25,971 | 26,000 | 28,000 | 153,313 |

| Program Annual Outcome Measures | | | | | | | | | |
|--|--|----------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 1.6.1 Each year, Federal agencies meet the government-wide goal of awarding 23 percent of government contacts to small businesses. | | | | | | | | | |
| Prime Contracting Assistance | Percentage of all Prime Contracting procurement dollars awarded to small firms | 22.30% | 22.80% | 22.62% | 23.00% | N/A | 23.00% | 23.00% | 23.00% |
| Subcontracting Assistance | Percentage of all subcontracting procurement dollars awarded to disadvantage businesses | 6.70% | 5.90% | N/A | 5% | N/A | 5% | 5% | 5% |
| Procurement Matchmaking | Percentage of all procurement dollars awarded to disadvantage businesses through Procurement Matchmaking | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Total percentage of all procurement dollars awarded to small firms | 22.30% | 22.80% | 22.62% | 23.00% | N/A | 23.00% | 23.00% | 23.00% |
| District Offices | | | | | | | | | |
| Prime Contracting Assistance | Percentage of all Prime Contracting procurement dollars awarded to small firms | 22.30% | 22.80% | 22.62% | 23.00% | N/A | 23.00% | 23.00% | 23.00% |
| Subcontracting Assistance | Percentage of all subcontracting procurement dollars awarded to disadvantage businesses | 6.70% | 5.90% | N/A | 5% | N/A | 5% | 5% | 5% |
| Procurement Matchmaking | Percentage of all procurement dollars awarded to disadvantage businesses through Procurement Matchmaking | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Total percentage of all procurement dollars awarded to small firms | 22.30% | 22.80% | 22.62% | 23.00% | N/A | 23.00% | 23.00% | 23.00% |

| Program Annual Costs | | | | | | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Government Contracting/Business Development | | | | | | | | | |
| Prime Contracting | Total Program Cost (\$000) | \$18,402 | \$21,138 | \$18,892 | \$25,347 | \$16,507 | \$21,830 | \$20,093 | \$71,187 |
| Procurement Matchmaking | Total Program Cost (\$000) | \$0 | \$0 | \$0 | \$0 | \$434 | \$0 | \$2,051 | \$7,266 |
| Subcontracting | Total Program Cost (\$000) | \$4,305 | \$5,167 | \$5,621 | \$6,979 | \$6,104 | \$6,293 | \$7,982 | \$28,279 |
| | Total | \$22,707 | \$26,305 | \$24,513 | \$32,326 | \$23,045 | \$28,123 | \$30,126 | \$106,732 |

Discontinued Performance Indicators

The SBA will no longer report SBIR grants and contracts, and agencies meeting SBIR goals for the same reasons that it will no longer report goal accomplishment for procurement preference programs. Responsibility for goal attainment award of SBIR grants and contracts rests with acquisition agencies. Therefore, Agency accomplishments are inappropriate measures of outputs and outcomes for SBA. The Agency will continue to report SBIR commercialization rates because they are valid impact measures.

| Program Annual Output Measures | | | | | | | | | |
|---|----------------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Government Contracting/business Development | | | | | | | | | |
| STTR | Number of annual awards | 4,496 | 4,748 | 4,980 | 5,100 | N/A | N/A | N/A | N/A |
| SBIR | Agencies Meeting 2.5% Set-A-Side | 7 | 8 | 8 | 10 | N/A | N/A | N/A | N/A |

Program Performance and Cost to Achieve Results

Office of Government Contracting And Business Development

During FY 2003, GCBBD implemented an array of key initiatives to increase prime and subcontracting results in Federal procurement. It developed a proposed rule that will provide guidance on evaluating prime contractor's performance and "good faith" effects to achieve requirements in subcontracting plans. The proposed rule was published simultaneously with the final bundling regulations in October 2003. Reinforcing this message, the Deputy Administrator conducted one-on-one meetings with senior officials at seven major department and agencies, including the Departments of Defense, Homeland Security, and Energy, to obtain their commitment to small business procurement programs

and to the achievement of government-wide small business goals. In addition, SBA participated in the OMB-led task groups to develop the October 30, 2002 report to the President that included nine specific steps to eliminate unnecessary Contract Bundling and mitigate the effects of justified Contract Bundling on small businesses. On January 31, 2003, proposed changes to SBA's regulations and the Federal Acquisition Regulation were published in the Federal Register.

Socioeconomic procurement preference programs include small business, small disadvantaged business, HUBZone, women-owned small business, and service-disabled veteran-owned small businesses. The SBA has statutory responsibility for annual negotiation of procurement preference program goals with Federal agencies, and for monitoring and reporting accomplishment against such goals. However, SBA is not responsible for accomplishment of these goals. Rather, acquisition agencies are responsible for goal attainment, and SBA is responsible for promoting goal attainment through a variety of policy and program initiatives.

The FY 2002 contracting data indicates that agencies awarded 22.62 % of contract dollars to small businesses, slightly less than the 23% government-wide small business goal. At this level, total awards to small businesses exceeded those of the prior year by \$3.6 billion. In FY 2003, all agencies exceeded the 5% small disadvantaged business goal, which includes awards under the 8(a) program. Additionally, agencies made considerable progress towards achieving the 5% women-owned small business goal by increasing dollars by \$1.3 billion to \$6.8 billion and the percentage to 2.9 %.

The percentage of subcontracting to small businesses has averaged over 38% in the last five years. Collectively, agencies achieved the SDB goal and the percentage to women owned businesses of 4.5% is slightly below the 5% goal.

GCBD has attained these goals by more than doubling its outreach and counseling goal of 8,000 by conducting over 17,000 activities through the Government Contracting Area Offices. Additionally, to enhance our oversight of the agencies' compliance with small business programs, the ONO conducted 18 surveillance reviews that resulted in recommended improvements in goal setting policies and training.

GCBD published regulations to revise seven industry size standards, resulting in some 700 small businesses becoming eligible to compete for Federal contracts. More significantly, the ONO developed a totally new approach to simplify and reduce the number of size standards by adopting more employee-based standards. This will streamline existing processes and procedures used by both small businesses and government agencies.

SBA held five Nationwide Matchmaking events across the country to personally introduce small business owners to Federal sector contracting officers, prime contractors' representatives, and state and local buyers. Over 7,500 one-on-one appointments were arranged between small businesses and potential customers, including Federal and prime contractors. A key objective was to increase women-owned small business participation at these events. SBA exceeded the 20 percent goal for women-owned small business participation goal at the Orlando and Chicago matchmaking events by close to 17 percent.

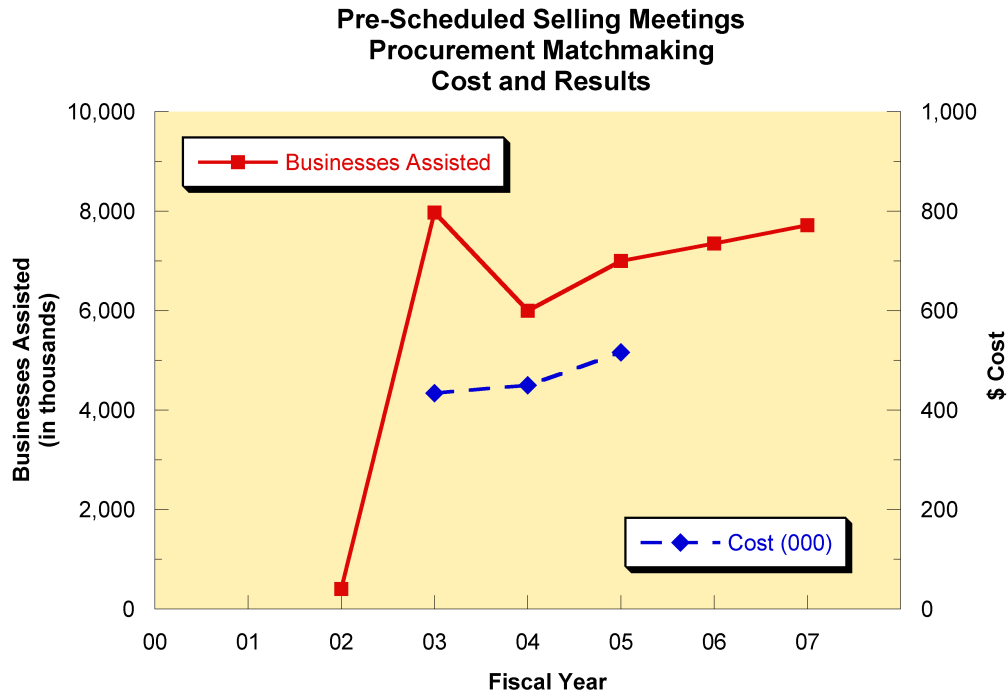


Figure 6. Procurement Matchmaking, Cost and Results

In FY 2003, GCBF launched a new Government Contracting Intranet Policy Site to provide more consistent policy guidance regarding small business procurement programs to SBA employees, in particular Government Contracting Field Staff. This site will provide links to existing government-wide policy documents (e.g., SBA's Regulations, Federal Register, the Federal Acquisition Regulation, etc), and will feature a chat room for each Program Office to respond to questions on-line.

Integrated Acquisition Environment

SBA also took several major steps to advance the President's Management Agenda for e-Commerce through an Integrated Acquisition Environment. The SBA partnered with the U.S. Department of Defense to integrate the Procurement Marketing and Access Network (PRO-Net) and Central Contractor Registration (CCR) systems. The first phase of this initiative yielded a single point of vendor registration. Subsequent phases will enable the Agency to pass authoritative certification information for 8(a) Business Development Programs and for small disadvantaged business status to CCR.

Consistent with the Integrated Acquisition Environment, and as part of the Administration's e-Government initiative to leverage existing technologies, GCBF developed a concept for an online screening process that will allow Procurement Center Representatives (PCRs) to receive planned procurements during the acquisition planning process and review for small business participation, for

implementation during FY 2004. SBA also initiated efforts to automate the subcontracting reporting system to reduce the burden on industry, and to provide more accurate, timely, and complete data.

Goals Not Achieved

When the Matchmaking program was conceived, SBA agreed with the event cosponsors, HP Small Business Foundation & the US Chambers of Commerce, that twelve events would take place in FY 2003. The goal for these events was an average attendance of 400 small businesses per event. Although the Agency achieved the goal in terms of the targeted number of attendees per event, after the first event in Cleveland, GCBF reduced the number of planned events during '03 from 12 to 5, including an event scheduled during the SBA 50th Anniversary Celebration. This was done to allow sufficient planning and scheduling time for each event. The revised '03 goal was more realistic and allowed SBA to focus its energies on making each event successful.

Based on the lessons learned in FY 2003, there are for 4 Matchmaking events scheduled for FY 2004. However, the breadth of services available at each of these FY 2004 events has been expanded to make them even more valuable to the participants. For example, for the Dec '03 Matchmaking event in Houston, SBA arranged and held a preparation meeting for all participants in Nov., in order to give small business participants advice and information on what to expect during the Jan meetings. Also, additional services, such as loan prequalification sessions for small businesses, were offered at the Houston event that was not offered during the FY 2003 Matchmaking events. As a consequence, the Houston event produced record attendance by buying activities and small businesses, and resulted in nearly 900 more scheduled matchmaking appointments than the most successful event of FY 2003. The Agency believes that the 3 remaining events during FY 2004 will continue to build on the great success of the Houston event.

Rose Imaging

SBA helps small business to grow from five to four hundred employees

From the beginning, Himanshu Bhatia had a vision of what she wanted her company to become. By paying close attention to her clients' needs, Himanshu became aware that they needed more than just warm bodies staffing their IT departments – they needed accomplished individuals who could help them develop broad-based, personalized solutions to suit their technology needs. Whether the problem is network-, database-, or application-based, Rose International has developed the technological expertise to deliver rapid, practical solutions customized to its clients.



The result is dynamic growth from a localized, five-employee company to a nationwide firm employing nearly 400 people. Rose has won contracts with large companies, such as Anheuser-Busch, Ameren, Chevron Texaco, SBC, and Maritz.

On the government side, Rose has been a prime contractor with 13 different Department of Defense and civilian agencies over the last few years, and works as a subcontractor with several other Federal agencies. Also, Rose won prime vendor status in five out of seven service areas on the highly competitive State of Missouri Statewide IT Contract in 2002, beating out many larger companies competing for the contract.

With the help of a Small Business Innovation and Research grant for the 3-D medical imaging that Gulab was pioneering, Himanshu and her husband Gulab launched Rose Imaging. In just a short time, Himanshu's dream of developing a world-class firm has been realized. The couple attributes this unparalleled growth to building solid client relationships through high-quality service at a reasonable price. This level of service has led to a strong track record of repeat business in addition to new clientele. Also, employee retention remains well above the industry average.

Throughout the years, the company has been honored with numerous awards and acknowledgements, including the NationsBank Excellence in Small Business Award and the Missouri Governor's Torch of Excellence. Rose is one of fewer than 60 companies in the country to receive the Corporate Plus designation from the National Minority Supplier Development Council. The firm has ranked twice on the Inc. 500, and has ranked in the Deloitte & Touche Technology Fast 500 and St. Louis Regional Fast 50, where it achieved number one status in 2000.

Himanshu attributes her firm's success to two very basic principles – a well-developed work ethic throughout the company and a practical, results-oriented approach to addressing customer needs.

STRATEGIC GOAL TWO

Increase small business success by bridging competitive opportunity gaps facing entrepreneurs

This strategic goal is intended to benefit those small businesses that deal directly with SBA and its established network of resource partners. In FY 2003, the SBA empowered individual entrepreneurs to take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance, access to loans and equity, and procurement opportunities either directly or through its partners. While SBA programs benefited all entrepreneurs seeking its assistance, the Agency placed particular emphasis on groups that own and control little productive capital because they have limited opportunities for small business ownership. The SBA fulfils this function through the offices of Capital Access, Entrepreneurial Development, Government Contracting and Business Development, Veterans Business Development and National Women's Business Council.

The Office of Capital Access (OCA) assists small businesses in obtaining the loans necessary for beginning or growing by continuing to be a gap lender, providing assistance to small businesses that would otherwise would not qualify for un-guaranteed financing, obtaining equity, or taking advantage of procurement opportunities.

The OCA contributed to the SBA accomplishing this goal through various programs that addresses different market gaps. The 7(a) loan program requires SBA's lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms. The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long term, fixed rate financing for major assets such as real estate and heavy equipment. The Microlending program makes very small loans (\$35,000 and under) and provide technical assistance to entrepreneurs. The Surety Bond Guaranty is a program which serves as a gap surety bond credit provider expanding the bond credit and capacity of small contractors who would not otherwise be able to compete for public and private work. Small Business Investment Center (SBIC) financings generally support smaller transactions that may not otherwise receive funding from private venture firms or financial institutions.

The following charts illustrate the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

7(a) Loan Program

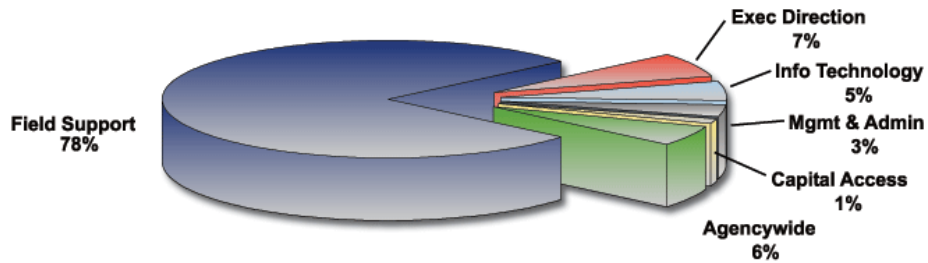


Figure 7. 7(a) Loan Program, FY 2003 Cost Components

504 Loan Program

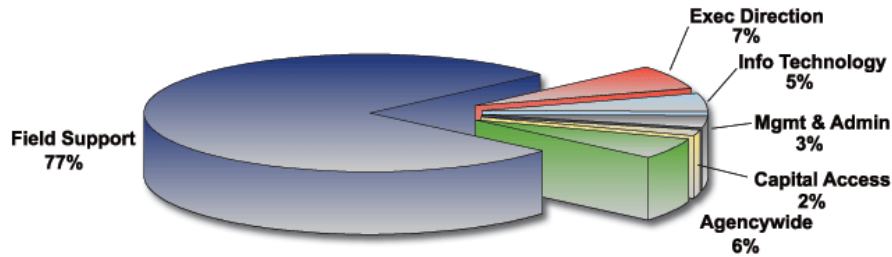


Figure 8. 504 Loan Program, FY 2003 Cost Components

Microloan Program

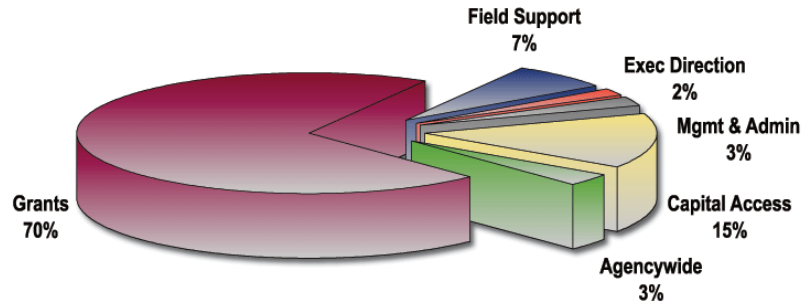


Figure 9. Program, FY 2003 Cost Components

Surety Bond Guaranty Program

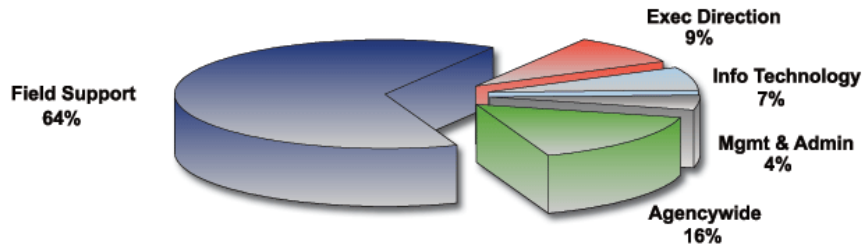


Figure 10. Surety Bond Guaranty Program, FY 2003 Cost Components

Small Business Investment Company Program

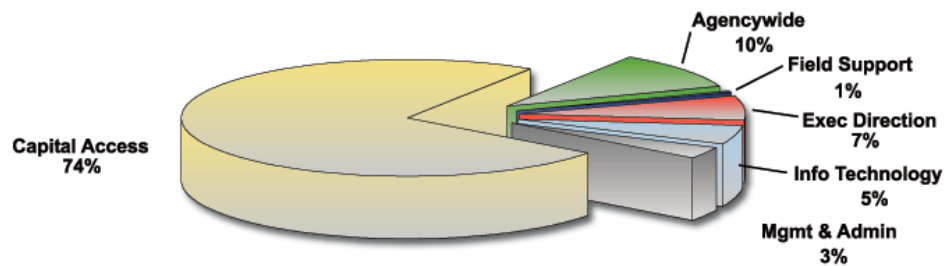


Figure 11. Small Business Investment Company Program, FY 2003 Cost Components

International Trade Program

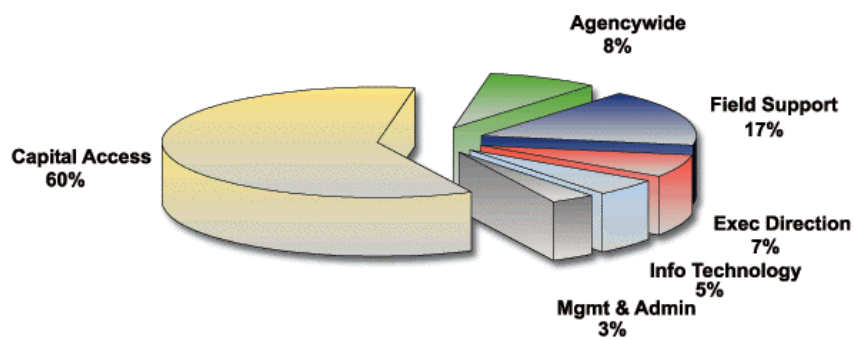


Figure 12. International Trade Loans Program, FY 2003 Cost Components

The OED contributed to the SBA accomplishing this goal by serving the small business community through outreach, public/private sector collaborative ventures and other creative mechanisms, providing counseling and training to America's small businesses that otherwise would not be able to afford training and counseling. OED helped fill this gap by empowering individual entrepreneurs to take advantage of opportunities the market offers by providing free and low-cost education and training, topical information and management assistance critical for sound decision making to start small businesses. The tools used to accomplish this were OED's SCORE, Small Business Development Center (SBDC) and Women's Business Center (WBC) programs and through delivery systems such as SBA's district offices and business information centers. The following charts illustrate the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

SCORE Program

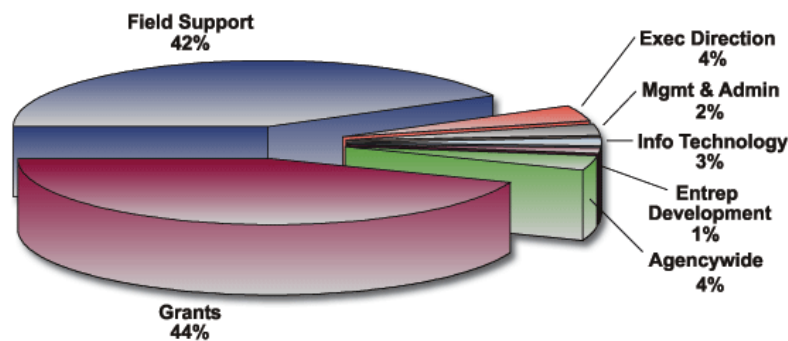


Figure 13. SCORE Program, FY 2003 Cost Components

Small Business Development Centers Program

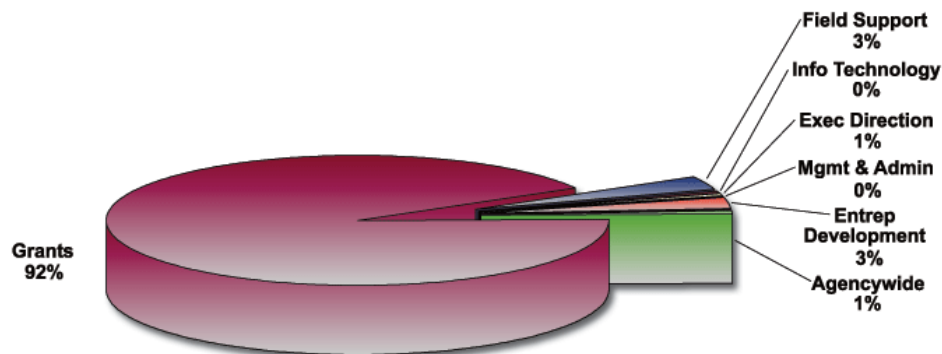


Figure 14. Small Business Development Centers Program, FY 2003 Cost Components

Women's Business Centers Program

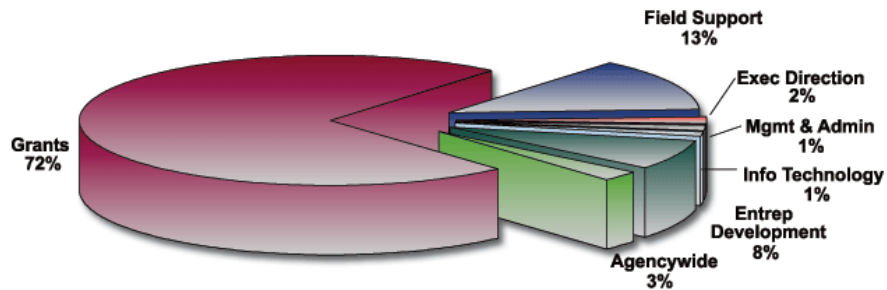


Figure 15. Women's Business Centers Program, FY 2003 Cost Components

Business Information Centers Program

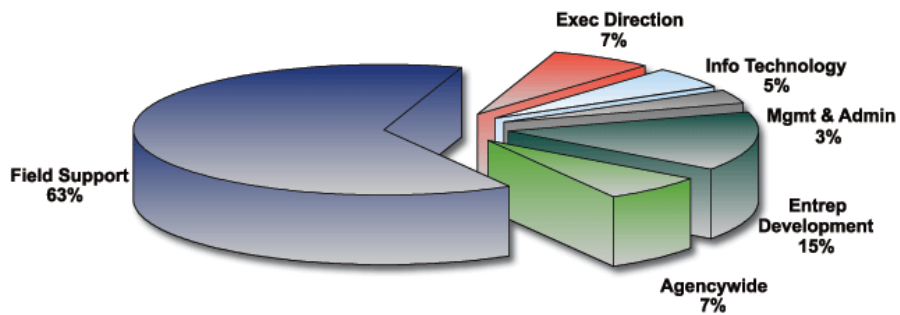


Figure 16. Business Information Centers Program, FY 2003 Cost Components

The Office of Government Contracting and Business Development (GC/BD) provided opportunities that would not otherwise exist, for small businesses located in distressed urban and rural communities to develop and grow. The HUBZone Program promotes job growth, capital formation, and economic development. Through the 8(a) Business Development Program, GC/BD provides Federal contract opportunities and specialized counseling and assistance for firms owned and controlled by socially and economically disadvantaged individuals. The following charts illustrate the distribution of the costs for FY 2003, by each one of the SBA's components that contributed to the achievement of these functions:

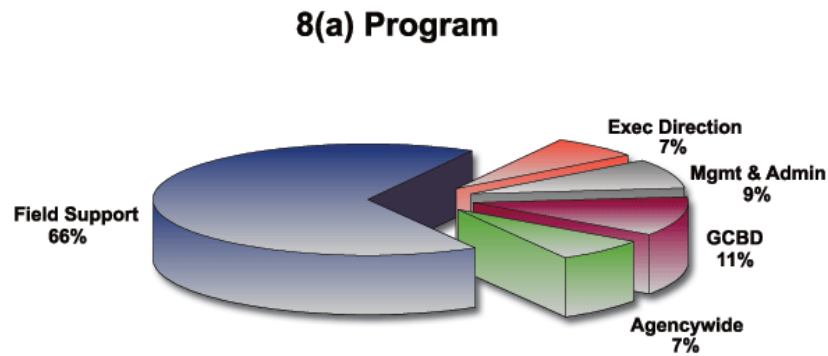


Figure 17. 8(a) Program Program, FY 2003 Cost Components

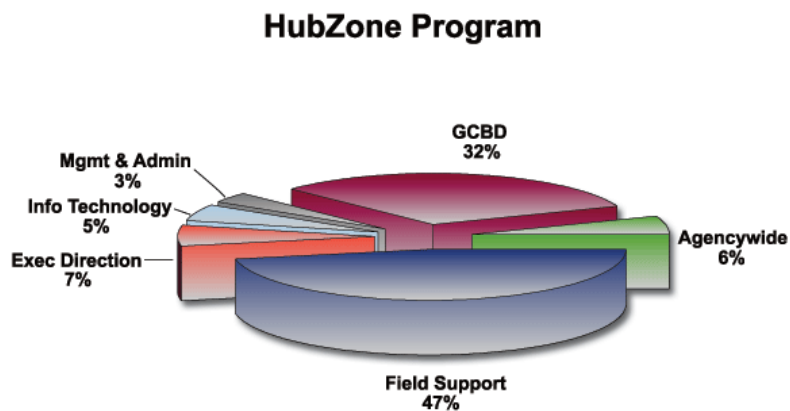


Figure 18. HubZone Program, FY 2003 Cost Components

7(j) Program

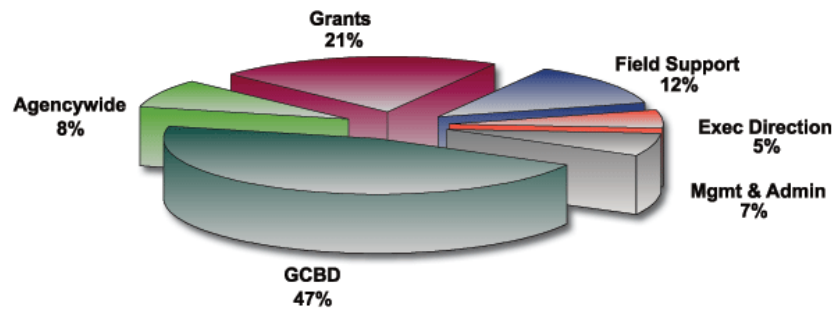


Figure 19. 7(j) Program, FY 2003 Cost Components

Small Disadvantaged Businesses Program

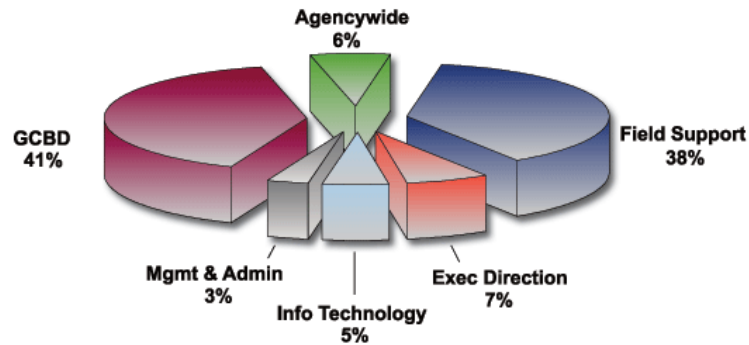


Figure 20. Small Disadvantaged Businesses Program, FY 2003 Cost Components

Long-term Objective 2.1

Increase the positive impact of SBA assistance upon the number and success of small business start-ups.

Annual Results

| Results and Resources | | | | | | | | |
|---|------------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 2.1.1 Number of prospective and start-up small businesses assisted. | 843,593 | 886,848 | 980,290 | 993,009 | 1,067,064 | 1,087,739 | 976,238 | 4,836,669 |
| 2.1.2 Percentage of prospective and start-ups from among those small businesses assisted. | TBD ¹ | TBD | TBD | TBD | TBD | TBD | TBD | TBD |
| 2.1.3 Percentage of successful start-ups lasting at least one year that were assisted. | N/A ² | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| 2.1.4 Median customer satisfaction rating. | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| SBA Annual Output Measures | | | | | | | | |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Receiving Financial Assistance | 17,763 | 16,425 | 16,960 | 15,681 | 19,756 | 22,394 | 23,165 | 124,125 |
| Receiving Technical Assistance | 826,694 | 871,457 | 964,370 | 978,159 | 1,048,426 | 1,066,270 | 953,073 | 4,712,544 |
| SBA Annual Outcomes Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Total Receiving Financial Assistance Cost (\$000) | \$86,182 | \$82,640 | \$77,931 | \$51,677 | \$73,801 | \$55,441 | TBD | TBD |
| Total Receiving Technical Assistance Cost (\$000) | \$88,145 | \$99,031 | \$96,830 | \$95,363 | \$88,479 | \$95,778 | TBD | TBD |

¹ TBD = To Be Determined

² N/A = Not Applicable

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|------------------|----------------|----------------|---------------|----------------|---------------|------------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | Loans approved | 13,552 | 12,396 | 13,427 | 12,000 | 15,588 | 18,000 | 20,000 | 106,400 |
| 504 Loan Program | Loans approved | 925 | 978 | 989 | 1,000 | 1,321 | 1,245 | 1,200 | 6,100 |
| Microloan Program ¹ | Loans approved | 864 | 1,034 | 1,040 | 831 | 1,118 | 925 | N/A ² | N/A |
| Prime Technical Assistance | Not Measured | N/M ³ | N/M | N/M | N/M | N/M | N/M | N/A | N/A |
| SBIC Program | Equity financing | 2,149 | 1,719 | 1,178 | 1,500 | 1,364 | 1,824 | 1,600 | 9,450 |
| | Licensee Examinations | 273 | 298 | 326 | 350 | 365 | 400 | 365 | 2,175 |
| | Total Dollar of SBIC Financing | \$2.7B | \$2.0B | \$2.1B | N/A | N/A | N/A | N/A | N/A |
| | Total Receiving Financial Assistance | 17,763 | 16,425 | 16,960 | 15,681 | 19,756 | 22,394 | 23,165 | 124,125 |
| | Total Receiving CA Technical Assistance | 864 | 1,034 | 1,040 | 831 | 1,118 | 925 | N/A | N/A |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | # clients served | 313,345 | 321,989 | 365,443 | 383,673 | 393,677 | 405,487 | 417,652 | 2,080,081 |
| | # clients trained | 85,873 | 80,554 | 99,541 | 104,518 | 114,811 | 118,255 | 121,803 | 599,254 |
| | # clients counseled | 227,472 | 241,435 | 265,902 | 279,156 | 278,866 | 287,232 | 295,849 | 1,480,827 |
| | # of information transfer contacts | N/A | N/A | N/A | 75,000 | 1.4M | TBD | TBD | TBD |
| | On-Line Training | N/A | N/A | N/A | 90,878 | 90,021 | TBD | TBD | TBD |
| SBDC | # clients served | 355,385 | 371,888 | 397,297 | 386,871 | 419,396 | 431,978 | 444,937 | 2,194,105 |
| | # clients trained | 197,818 | 216,371 | 234,100 | 229,539 | 249,035 | 256,506 | 264,201 | 1,302,664 |
| | # clients counseled | 157,567 | 155,517 | 163,197 | 157,332 | 170,361 | 175,472 | 180,736 | 891,440 |
| | # of information transfer contacts | N/A | N/A | N/A | 61,000 | 81,101 | TBD | TBD | TBD |
| | Number of Training Hours | N/A | N/A | N/A | 992,121 | 1,270,681 | TBD | TBD | TBD |
| | Number of Training Sessions | N/A | N/A | N/A | 14,640 | 15,842 | TBD | TBD | TBD |

¹ Dollar Volume of Total Microloans for existing businesses was not available.

² No funding was requested for this program.

³ N/M = Not Measured

| Program Annual Output Measures | | | | | | | | | |
|---------------------------------|--|----------------|----------------|----------------|----------------|------------------|------------------|------------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| WBC | # clients served | 36,178 | 48,614 | 68,598 | 70,832 | 85,290 | 87,849 | 90,484 | 438,358 |
| | # clients trained | 26,463 | 30,305 | 44,051 | 45,331 | 51,380 | 52,921 | 54,509 | 266,735 |
| | # clients counseled | 9,715 | 18,309 | 24,547 | 25,501 | 33,910 | 34,927 | 35,975 | 171,624 |
| | # of information transfer contacts | N/A | 153,639 | 155,542 | 160,444 | 244,788 | TBD | TBD | TBD |
| BIC | # clients served | 120,922 | 127,933 | 131,992 | 135,952 | 148,945 | 140,031 | N/A ¹ | N/A |
| | # clients counseled | 127,933 | 131,992 | 135,951 | 135,952 | 148,948 | TBD | N/A | N/A |
| | # of information transfer contacts | N/A | N/A | N/A | 9,000 | 86,887 | TBD | N/A | N/A |
| Small Business Training Network | # clients participating | N/A | 135,610 | 147,680 | 169,513 | 488,922 | TBD | TBD | TBD |
| | Total Receiving ED Technical Assistance² | 825,830 | 870,423 | 963,330 | 977,328 | 1,047,308 | 1,065,345 | 953,073 | 4,712,544 |
| | Total Receiving Technical Assistance | 826,694 | 871,457 | 964,370 | 978,159 | 1,048,426 | 1,066,270 | 953,073 | 4,712,544 |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | # Loans approved | 13,552 | 12,396 | 13,427 | 12,000 | 15,588 | 18,000 | 20,000 | 106,400 |
| 504 Loan Program | # Loans approved | 925 | 978 | 989 | 1,000 | 1,321 | 1,245 | 1,200 | 6,100 |
| Microloan Program | # Loans approved | 864 | 1,034 | 1,040 | 831 | 1,118 | 925 | N/A | N/A |
| Prime Technical Assistance | Not Measured | N/M | N/M | N/M | N/M | N/M | N/M | N/A | N/A |
| SCORE | # clients served | 313,345 | 321,989 | 365,443 | 383,673 | 393,677 | 405,487 | 417,652 | 2,080,081 |
| SBDC | # clients served | 355,385 | 371,888 | 397,297 | 386,871 | 419,396 | 431,978 | 444,937 | 2,194,105 |
| WBC | # clients served | 36,178 | 48,614 | 68,598 | 70,832 | 85,290 | 87,849 | 90,484 | 438,358 |
| BIC | # clients served | 120,922 | 127,933 | 131,992 | 135,952 | 148,945 | 140,031 | N/A | N/A |
| Small Business Training Network | # clients participating | N/A | 135,610 | 147,680 | 169,513 | 488,922 | TBD | TBD | TBD |
| | Total Receiving Financial Assistance | 17,763 | 16,425 | 16,960 | 15,681 | 19,756 | 22,394 | 23,165 | 124,125 |
| | Total Receiving Technical Assistance | 826,694 | 871,457 | 964,370 | 978,159 | 1,048,426 | 1,066,270 | 953,073 | 4,712,544 |

¹ No funding was requested for this program.

² The ED allocations for prospective, start-up and existing clients in charts 2.1 and 2.2 are estimates based on a weighted formula

| Program Annual Outcome Measures | | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|------------------|------------------|----------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 2.1.1 Number of prospective and start-up small businesses (SSB) assisted | | | | | | | | | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | SSB assisted | 13,552 | 12,396 | 13,427 | 12,000 | 15,588 | 18,000 | 20,000 | 106,400 |
| 504 Loan Program | SSB assisted | 925 | 978 | 989 | 1,000 | 1,321 | 1,245 | 1,200 | 6,100 |
| SBIC | SSB assisted | 2,149 | 1,719 | 1,178 | 1,500 | 1,364 | 1,824 | 1,600 | 9,450 |
| Microloan | SSB assisted | 864 | 1,034 | 1,040 | 831 | 1,118 | 925 | N/A | N/A |
| | Total SSB As-sisted | 17,763 | 16,425 | 16,960 | 15,681 | 19,756 | 22,394 | 23,165 | 124,125 |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | SSB assisted | 313,345 | 321,989 | 365,443 | 383,673 | 393,677 | 405,487 | 417,652 | 2,080,081 |
| SBDC | SSB assisted | 355,385 | 371,888 | 397,297 | 386,871 | 419,396 | 431,978 | 444,937 | 2,194,105 |
| WBC | SSB assisted | 36,178 | 48,614 | 68,598 | 70,832 | 85,290 | 87,849 | 90,484 | 438,358 |
| BIC | SSB assisted | 120,922 | 127,933 | 131,992 | 135,952 | 148,945 | 140,031 | N/A | N/A |
| | Total SSB As-sisted | 825,830 | 870,423 | 963,330 | 977,328 | 1,047,308 | 1,065,345 | 953,073 | 4,712,544 |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | SSB assisted | 13,552 | 12,396 | 13,427 | 12,000 | 15,588 | 18,000 | 20,000 | 106,400 |
| 504 Loan Program | SSB assisted | 925 | 978 | 989 | 1,000 | 1,321 | 1,245 | 1,200 | 6,100 |
| Microloan | SSB assisted | 864 | 1,034 | 1,040 | 831 | 1,118 | 925 | N/A | N/A |
| SCORE | SSB assisted | 313,345 | 321,989 | 365,443 | 383,673 | 393,677 | 405,487 | 417,652 | 2,080,081 |
| SBDC | SSB assisted | 355,385 | 371,888 | 397,297 | 386,871 | 419,396 | 431,978 | 444,937 | 2,194,105 |
| WBC | SSB assisted | 36,178 | 48,614 | 68,598 | 70,832 | 85,290 | 87,849 | 90,484 | 438,358 |
| BIC | SSB assisted | 120,922 | 127,933 | 131,992 | 135,952 | 148,945 | 140,031 | N/A | N/A |
| | Total SSB As-sisted | 841,171 | 884,831 | 978,786 | 991,159 | 1,065,335 | 1,085,515 | 974,273 | 2,630,939 |
| 2.1.2 Percentage of prospective and start-ups from among those small businesses assisted. | | | | | | | | | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | % SSB assisted | 31% | 29% | 26% | 20% | 23% | 20% | 18% | 20% |
| 504 Loan Program | % SSB assisted | 20% | 19% | 18% | 17% | 19% | 17% | 15% | 14% |
| Microloan | % SSB assisted | 41% | 45% | 40% | 37% | 46% | 37% | N/A | N/A |
| SBIC | % SSB assisted | 46% | 40% | 29% | 34% | 28% | 38% | 35% | 35% |
| | Total % of CA Total SB As-sisted | 28% | 27% | 24% | 19% | 22% | 19% | 17% | 18% |

| Program Annual Outcome Measures | | | | | | | | | |
|---------------------------------|---|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | % SSB assisted | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% |
| SBDC | % SSB assisted | 61% | 61% | 61% | 61% | 61% | 61% | 61% | 61% |
| WBC | % SSB assisted | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| BIC | % SSB assisted | 90% | 90% | 90% | 90% | 90% | 90% | N/A | N/A |
| | Total % of ED Total SB As- sisted | 71% | 71% | 71% | 71% | 71% | 71% | 71% | 71% |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | % SSB assisted | 31% | 29% | 26% | 20% | 23% | 20% | 18% | 20% |
| 504 Loan Program | % SSB assisted | %20 | 19% | 18% | 17% | 19% | 17% | 15% | 14% |
| Microloan | % SSB assisted | 41% | 45% | 40% | 37% | 46% | 37% | N/A | N/A |
| SBIC | % SSB assisted | 46% | 40% | 29% | 34% | 28% | 38% | 35% | 35% |
| SCORE | % SSB assisted | 83% | 83% | 83% | 83% | 83% | 83% | 83% | 83% |
| SBDC | % SSB assisted | 61% | 61% | 61% | 61% | 61% | 61% | 61% | 61% |
| WBC | % SSB assisted | 80% | 80% | 80% | 80% | 80% | 80% | 80% | 80% |
| BIC | % SSB assisted | 90% | 90% | 90% | 90% | 90% | 90% | N/A | NA |
| | Total % of DO Total SB As- sisted | 99% | 97% | 94% | 90% | 92% | 90% | 88% | 89% |

| Program Annual Costs | | | | | | | | | |
|----------------------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan | Total Program Cost (\$000) | \$65,436 | \$56,971 | \$57,363 | \$34,237 | \$50,339 | \$39,044 | TBD | TBD |
| Note: Includes STAR costs | Cost per Loan Made | \$4,829 | \$4,596 | \$4,272 | \$2,853 | \$3,229 | \$2,169 | TBD | TBD |
| | Loan Making (\$000) | \$14,650 | \$12,131 | \$8,365 | \$6,439 | \$13,047 | \$6,440 | TBD | TBD |
| | Loan Servicing (\$000) | \$13,900 | \$12,336 | \$13,808 | \$8,973 | \$10,686 | \$11,959 | TBD | TBD |
| | Loan Subsidy (\$000) | \$35,180 | \$30,806 | \$33,549 | \$17,132 | \$25,456 | \$19,032 | TBD | TBD |
| | Lender Oversight (\$000) | \$1,675 | \$1,666 | \$1,606 | \$1,673 | \$1,141 | \$1,580 | TBD | TBD |
| | Asset Sales (\$000) | \$31 | \$32 | \$35 | \$20 | \$9 | \$33 | TBD | TBD |
| 504 Loan | Total Program Cost (\$000) | \$5,513 | \$4,742 | \$5,059 | \$5,077 | \$7,315 | \$5,192 | TBD | TBD |
| | Cost per Loan Made | \$5,960 | \$4,849 | \$5,115 | \$5,077 | \$5,537 | \$4,170 | TBD | TBD |
| | Loan Making (\$000) | \$2,859 | \$2,713 | \$2,750 | \$2,903 | \$5,187 | \$2,900 | TBD | TBD |
| | Loan Servicing (\$000) | \$2,282 | \$1,661 | \$1,929 | \$1,703 | \$1,809 | \$1,846 | TBD | TBD |
| | Lender Oversight (\$000) | \$365 | \$361 | \$372 | \$465 | \$316 | \$437 | TBD | TBD |
| | Asset Sales (\$000) | \$7 | \$7 | \$8 | \$6 | \$3 | \$9 | TBD | TBD |
| Microloans | Total Program Cost (\$000) | \$9,670 | \$11,006 | \$9,780 | \$8,614 | \$11,425 | \$6,560 | N/A | N/A |
| | Cost Per Loan Made | \$11,192 | \$10,644 | \$9,404 | \$10,366 | \$10,219 | \$7,092 | N/A | N/A |
| | Loan Making (\$000) | \$0 | \$0 | \$256 | \$248 | \$1,027 | \$120 | N/A | N/A |
| | Loan Servicing (\$000) | \$0 | \$0 | \$518 | \$253 | \$1,698 | \$130 | N/A | N/A |
| | Loan Subsidy (\$000) | \$992 | \$1,274 | \$1,139 | \$1,342 | \$1,775 | \$603 | N/A | N/A |
| | Tech Assistance (\$000) | \$8,678 | \$9,732 | \$7,867 | \$6,771 | \$6,925 | \$5,707 | N/A | N/A |
| | Cost per Hour | N/A | \$82 | \$63 | \$64 | N/A | \$54 | N/A | N/A |
| Prime Technical Assistance | Total Program Cost (\$000) | \$402 | \$4,372 | \$1,232 | \$90 | \$1,056 | \$76 | N/A | N/A |
| SBIC | Total Program Cost (\$000) | \$5,161 | \$5,549 | \$4,497 | \$3,659 | \$3,666 | \$4,569 | TBD | TBD |
| | Cost per Financing | \$2,402 | \$3,228 | \$3,817 | \$2,439 | \$2,688 | \$2,505 | TBD | TBD |
| | New Licenses | \$1,497 | \$1,720 | \$1,349 | \$1,568 | \$1,100 | \$1,787 | TBD | TBD |
| | Oversight/Exams (\$000) | \$3,664 | \$3,829 | \$3,148 | \$3,659 | \$2,566 | \$4,569 | TBD | TBD |
| | Total Capital Access (\$000) | \$86,182 | \$82,640 | \$77,931 | \$51,677 | \$73,801 | \$55,441 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | Total Cost (\$000) | \$8,127 | \$9,842 | \$11,015 | \$11,254 | \$9,366 | \$11,353 | TBD | TBD |
| | Cost per client served | \$26 | \$31 | \$30 | \$29 | \$24 | \$28 | TBD | TBD |
| SBDC | Total Cost (\$000) | \$57,410 | \$61,200 | \$61,107 | \$59,594 | \$56,584 | \$59,709 | TBD | TBD |
| | Cost per client served | \$162 | \$165 | \$154 | \$154 | \$135 | \$138 | TBD | TBD |
| WBC | Total Cost (\$000) | \$11,992 | \$17,070 | \$13,960 | \$13,125 | \$13,322 | \$13,219 | TBD | TBD |
| | Cost per client served | \$331 | \$351 | \$204 | \$185 | \$156 | \$150 | TBD | TBD |
| BIC | Total Cost (\$000) | \$10,616 | \$10,919 | \$10,748 | \$11,390 | \$9,207 | \$11,497 | N/A | N/A |
| | Cost per client served | \$88 | \$85 | \$81 | \$84 | \$62 | \$82 | N/A | N/A |
| | Total Entrepreneurial Development (\$000) | \$88,145 | \$99,031 | \$96,830 | \$95,363 | \$88,479 | \$95,778 | TBD | TBD |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loans Note: Includes STAR costs | Total Program Cost (\$000) | \$24,695 | \$17,338 | \$19,057 | \$14,977 | \$18,901 | \$14,589 | TBD | TBD |
| | Cost per Loan | \$1,822 | \$1,399 | \$1,419 | \$1,248 | \$1,213 | \$811 | TBD | TBD |
| | Loan Making (\$000) | \$12,751 | \$8,231 | \$6,917 | \$3,355 | \$10,164 | \$4,982 | TBD | TBD |
| | Loan Servicing (\$000) | \$10,716 | \$8,479 | \$11,225 | \$10,694 | \$8,382 | \$8,840 | TBD | TBD |
| | Lender Oversight (\$000) | \$1,208 | \$620 | \$902 | \$921 | \$350 | \$760 | TBD | TBD |
| | Asset Sales (\$000) | \$20 | \$8 | \$13 | \$7 | \$5 | \$7 | TBD | TBD |
| 504 Loan Program | Total Program Cost (\$000) | \$4,275 | \$3,196 | \$4,024 | \$4,757 | \$5,523 | \$3,918 | TBD | TBD |
| | Cost per Loan | \$4,622 | \$3,268 | \$4,069 | \$4,757 | \$4,181 | \$3,147 | TBD | TBD |
| | Loan Making (\$000) | \$2,433 | \$1,883 | \$2,269 | \$2,796 | \$4,016 | \$2,303 | TBD | TBD |
| | Loan Servicing (\$000) | \$1,575 | \$1,176 | \$1,543 | \$1,703 | \$1,409 | \$1,403 | TBD | TBD |
| | Lender Oversight (\$000) | \$263 | \$135 | \$209 | \$256 | \$97 | \$210 | TBD | TBD |
| | Asset Sales (\$000) | \$4 | \$2 | \$3 | \$2 | \$1 | \$2 | TBD | TBD |
| Microloan | Total Program Cost (\$000) | \$326 | \$203 | \$299 | \$369 | \$658 | \$140 | N/A | N/A |
| | Cost per loan | \$377 | \$196 | \$288 | \$444 | \$589 | \$151 | N/A | N/A |
| | Total Capital Access (\$000) | \$29,296 | \$20,737 | \$23,380 | \$20,103 | \$25,082 | \$18,647 | TBD | TBD |
| SCORE | Total Cost (\$000) | \$7,346 | \$3,479 | \$3,727 | \$4,146 | \$3,963 | \$4,107 | TBD | TBD |
| | Cost per client served | \$23 | \$11 | \$10 | \$11 | \$10 | \$10 | TBD | TBD |
| SBDC | Total Cost (\$000) | \$4,329 | \$3,472 | \$3,169 | \$4,258 | \$1,900 | \$3,457 | TBD | TBD |
| | Cost per client served | \$12 | \$9 | \$8 | \$11 | \$5 | \$8 | TBD | TBD |
| WBC | Total Cost (\$000) | \$2,871 | \$3,934 | \$1,290 | \$1,403 | \$1,730 | \$1,390 | TBD | TBD |
| | Cost per client served | \$79 | \$81 | \$19 | \$20 | \$20 | \$16 | TBD | TBD |
| BIC | Total Cost (\$000) | \$8,789 | \$6,576 | \$7,425 | \$7,921 | \$5,832 | \$7,659 | N/A | N/A |
| | Cost per client served | \$73 | \$51 | \$56 | \$58 | \$39 | \$55 | N/A | N/A |
| | Total Entrepreneurial Development (\$000) | \$23,335 | \$17,461 | \$15,611 | \$17,728 | \$13,425 | \$16,613 | TBD | TBD |

Programs Performance and Cost to Achieve Results

Office of Capital Access

The Office of Capital Access (OCA) had a banner year increasing the positive impact of SBA assistance upon the number and success of small business start-ups. The SBA's FY 2003 goal for financing of start-up businesses was 15,531. The Agency exceeded this goal by 26% with every one of the Financial Assistance programs exceeding their individual goals.

The total production of 7(a) loans to start-up businesses was 15,588. This exceeded the SBA FY 2003 goal by 30%. At the beginning of the year, a \$4.85 billion limit existed on the total dollar volume for 7(a) loans for FY 2003. Therefore, first quarter production was severely limited. Once this limit was lifted, SBA was able to surpass its goal, and reached 100% utilization of the available 7(a) budget authority, by the end of September 2003.

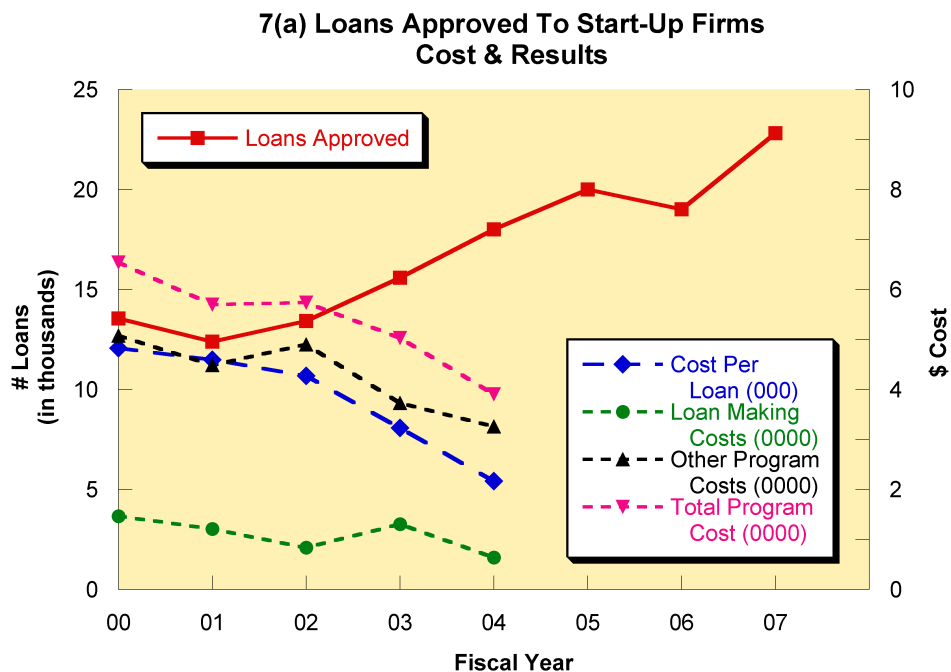


Figure 21. 7(a) Loans Approved to Start-Up Firms, Cost and Results

Additionally, the SBA Micro Lending program made 1,118 microloans to start-up businesses. Currently, the number of loans that can be made is constrained by the limited amount of technical assistance funds available. Because loan activity has increased in the last few years without a proportionate increase in available technical assistance grant funds, the percentage of technical assistance dollars allocated to each intermediary has decreased. As a result, the total number of micro loans made in FY 2003 is smaller than the number made in FY 2002. On the other hand, the percentage of micro loans made to start-ups businesses increased by 77% during FY 2003.

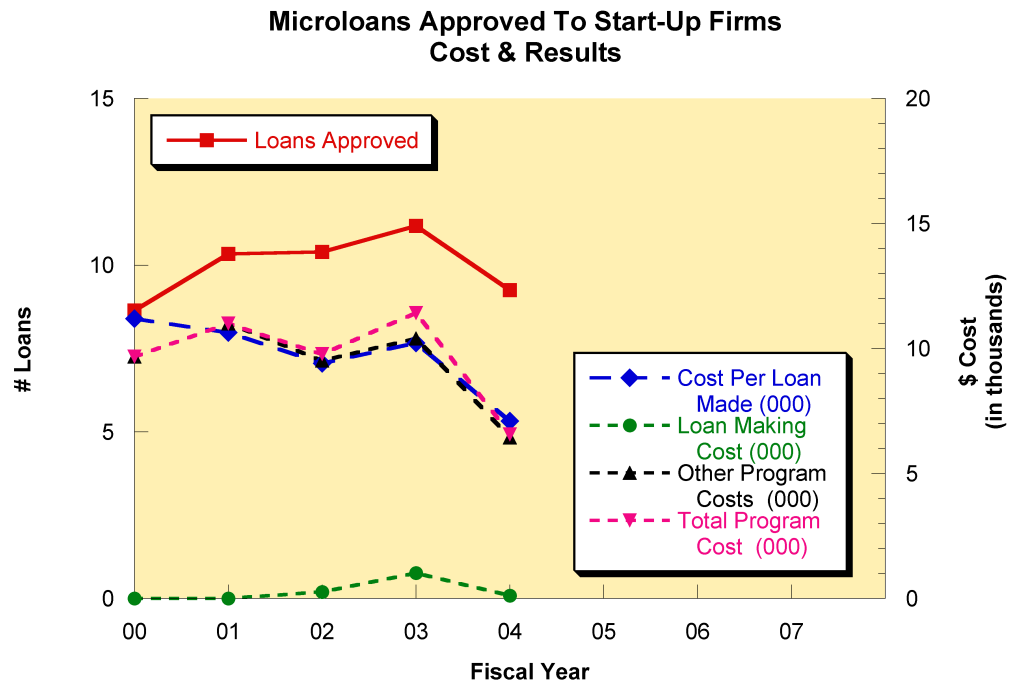


Figure 22. Microloans Approved to Start-Up Firms, Cost and Results

Although most of 504 loans are made to established businesses, the 504 loan program has contributed 1321 loans to start-ups. This represents a 34 % increase over FY 2002 and exceeded the FY 2003 goal by 32%.

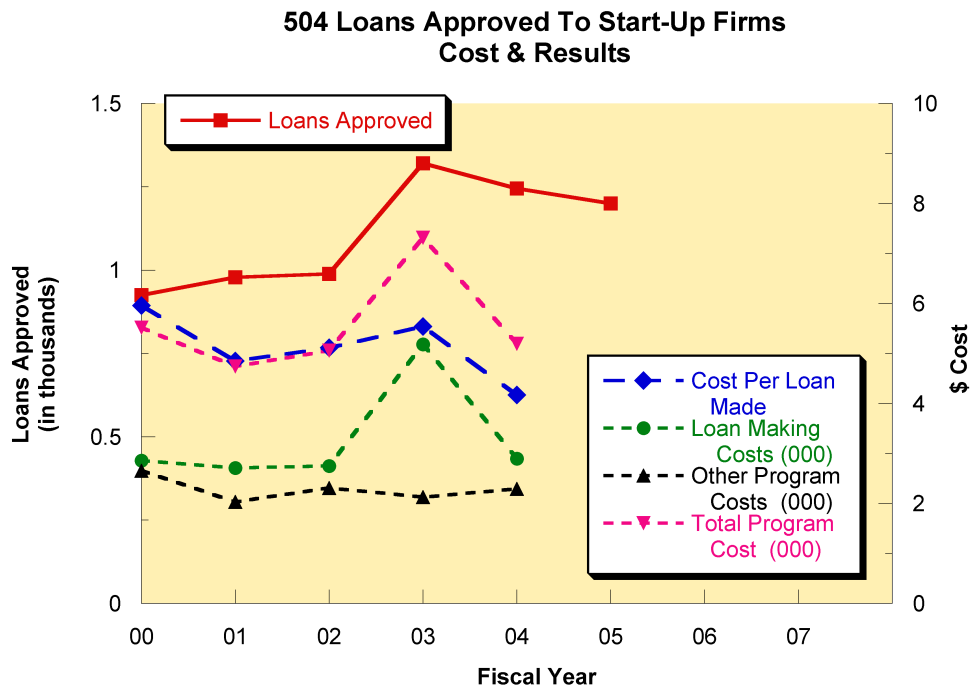


Figure 23. 504 Loans Approved to Start-Up Firms, Cost and Results

The SBA also contributed to the success of small business start-ups during FY 2003 by providing a source for equity capital and long-term debt financing for new entrepreneurial companies. Financings to start-up companies (i.e., two years old or less) were up somewhat over last year's level, with approximately 28% of SBIC financings invested in startups. The percentage of dollars invested in start-ups increased from almost 32% to approximately 36%. With the venture industry focused this past year mostly on follow-on rounds of financing to support existing investments, SBICs also made add-on financings to companies that were startups when they were originally financed. When combined, both initial and follow-on rounds of investments to start-ups by SBICs represented 50% of the entire SBIC portfolio.

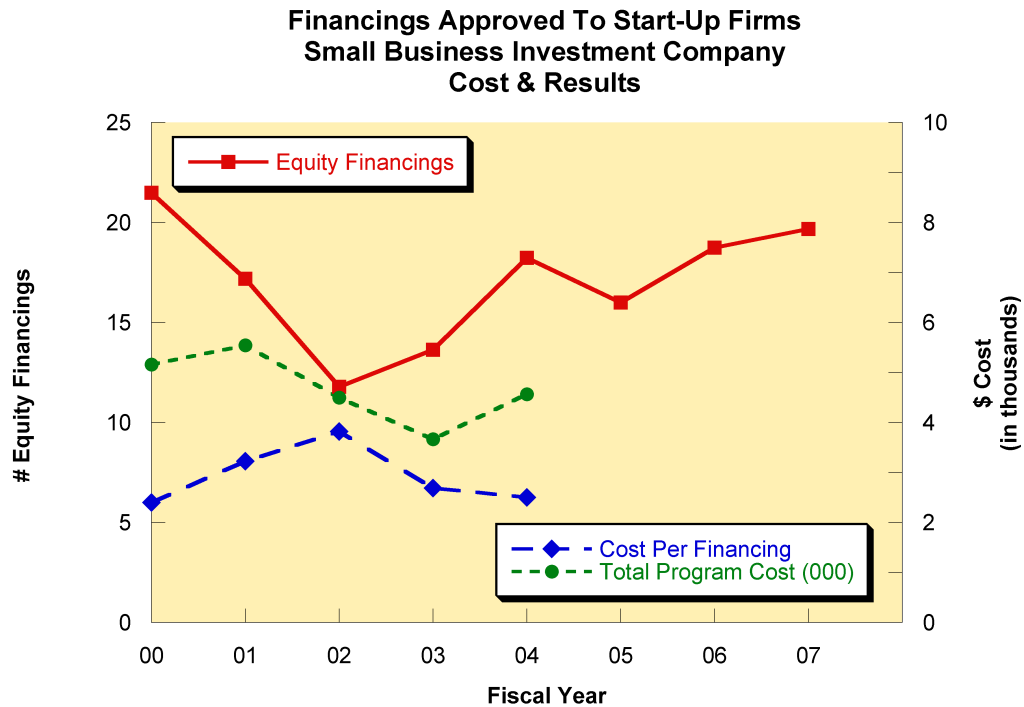


Figure 24. Financings Approved to Start-Up Firms, Small Business Investment Company, Cost and Results

Office of Entrepreneurial Development

The Office of Entrepreneurial Development (OED) culminated a successful year of delivering educational, counseling and training services to the small business community, an estimated 71% of which were in the prospective or early start-up sectors. With little or no increase in funding, the OED programs expanded outreach at an average rate of almost 9 percent, serving a record high of over 1 million clients, 7 percent over target for FY 2003. The tools used to accomplish this were OED's SCORE, Small Business Development Center (SBDC) and Women's Business Center (WBC) programs and through delivery systems such as SBA's district offices and Business Information Centers.

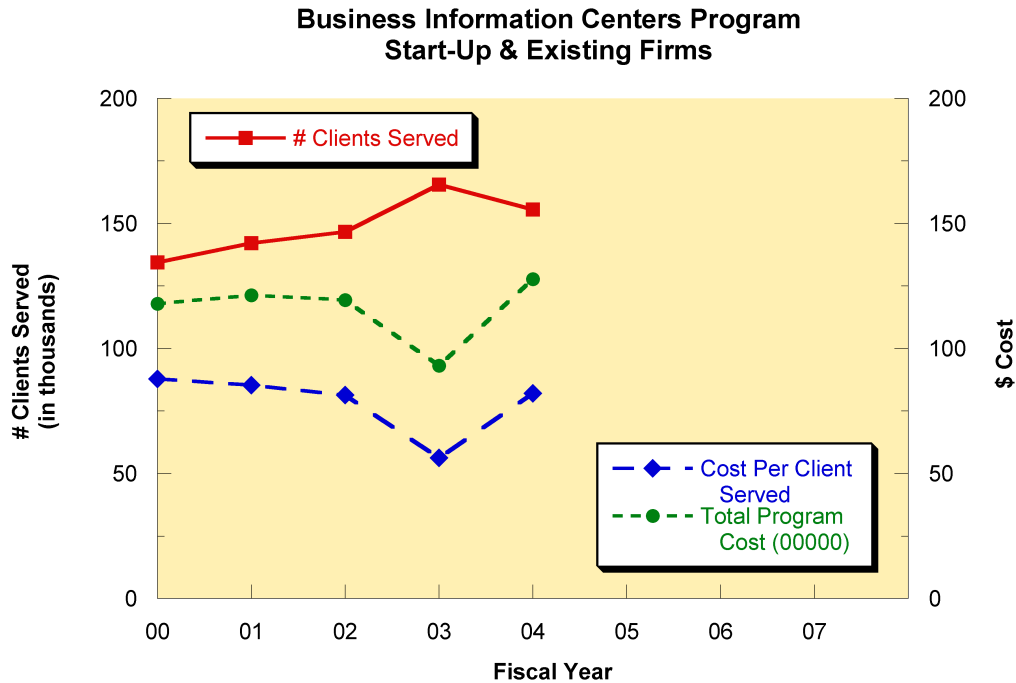


Figure 25. Business Information Centers Program, Start-Up & Existing Firms

This does not include the almost 90,021 users who logged onto SBA's online training network with its 60 course offerings. The OED also improved its ability and commitment in FY 2003 to set goals, both short and long-term, for example the OED completed a research plan for an impact survey to development of baseline and follow-up data on program clients.

The OED program areas service all clientele interested in starting or growing a business. However, the SCORE and Women's Business Center program deal primarily with the nascent or prospective entrepreneur, someone who has taken one or more positive steps toward starting a business and very early start-ups. These two programs together served a nascent entrepreneur population of over half a million clients in FY 2003. The Small Business Development Center Program, specializing in much more concentrated and long-term counseling, served a total of 420,000 nascent and early start-up clients. This constitutes a lower proportion (61%) of these types of small businesses compared to SCORE and Women's Business Center programs.

SCORE helped ensure the success of small businesses nationwide through free and confidential face-to-face and e-mail counseling and low cost workshops to more than 390,000 nascent and early

start-up clients. To increase the level of services provided to small businesses locally, ninety-eight new branches and twelve new SCORE chapters were opened in FY 2003. With a second year of level funding at \$5 million, the SCORE program continued to increase activities by a 20 percent increase in new email counseling cases and by a 25 percent increase in email follow-up over FY 2002 figures. Workshop attendance increased by 10 percent over FY 2002 and counseling hours increased 22 percent. All told, in FY 2003 SCORE counseled and trained approximately 393,677 prospective and start-up businesses, exceeding its target goal by 3%.

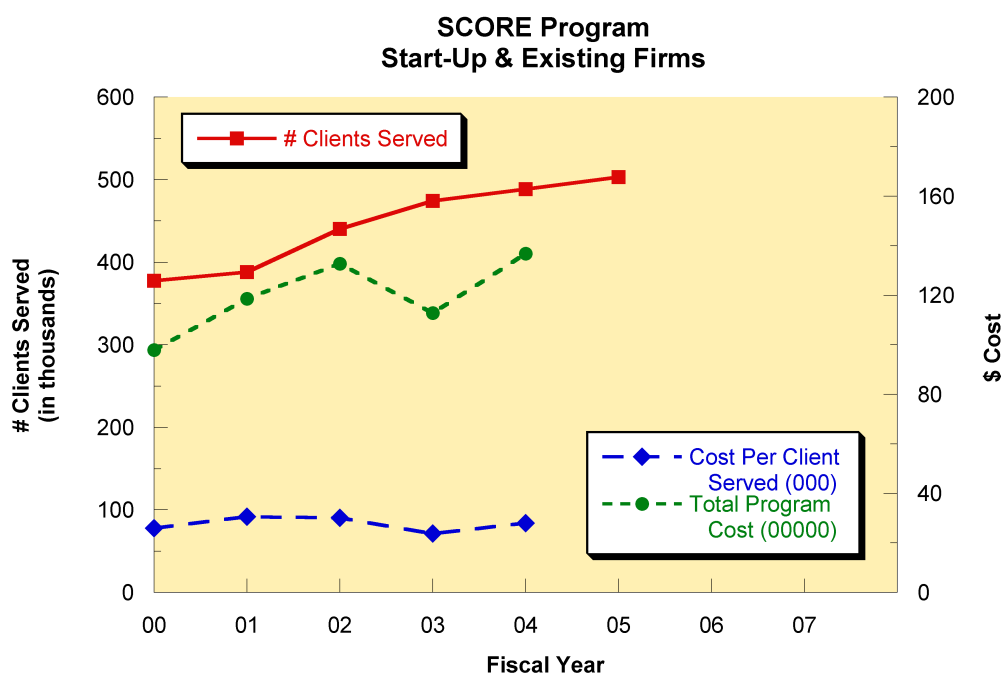


Figure 26. SCORE Program, Start-Up & Existing Firms

Recognizing the need to deliver assistance to its clients on a 24/7 basis, SCORE has been concentrating heavily on electronic initiatives, both for service delivery and evaluation purposes. For its FY 2003 counseling and training programs, SCORE earned an eighty three percent customer satisfaction rating, delivered online, in the “Very Good to Excellent” range, with ninety three percent of clients indicating they would refer either prospective business owners to SCORE. SCORE also launched a suite of web sites, improving volunteer resource facilitation and enhancing presence and effectiveness online. In recognition of its informational and marketing achievements, SCORE won two national Apex Awards of Excellence for its publications, one for “SCORE Today” and the other for “New Directions.”

With over 80 percent of its clients in the prospective and early start-up market sector, the OED’s Women’s Business Center (WBC) program, through over 80 centers nationwide, provided counseling and training to 85,290 clients in this category, exceeding its goal of 70,832 by a 20% margin. In FY 2003 the WBC program opened eleven new centers and funded an additional five sustainability centers. The OED also assists clients by providing basic information about its programs to women, particularly those who are socially and economically disadvantaged. In FY 2003, in response to requests about its programs, the OED sent information packages to approximately 500 mail requests per week (approximately 25,000 for the year). It also referred an estimated 12,000 callers to District Office personnel or to other SBA resources for assistance.

OObEē, INC.***From birth to success, SBA was there***

With faith in the American dream and a genuine belief in their ability to succeed, business owners, Mike Pereyo and Tom Merritt opened Oboe, Inc., to manufacture and distribute casual apparel for those who love the outdoors, in 1994. Oboe, which began as little more than an idea – an approach to life –, has grown into a company that has doubled its sales in each of the past eight years.

The name “Oobe” stands for “out of bible experience,” a take-off on the expression “out of body experience.” Oobe is Mike and Tom’s personal description of a perfect day and the unfolding of this business has been just that, almost perfect.



Oobe’s founders started the company literally from scratch, in the small town of Easley, S.C., both working day jobs while they planned the launch of their enterprise. When the time came to take the fateful leap, they striped parking lots at night to earn enough money to keep their fledging business afloat.

After two years of modest growth, the pair sought the assistance of the Small Business Development Center at their alma mater, Clemson University. The SBDC helped Tom and Mike complete their business plan and loan package while assisting them with implementation of cash flow management improvements. With the help of a U.S. Small Business Administration-guaranteed 7(a) loan, the company achieved its first \$1 million in sales in 1997.

The following year, Tom and Mike were named the Young Entrepreneurs of the Year by the South Carolina SBDC. Their success has continued at an impressive rate, reaching nearly \$3 million in sales in 2002 with more than 40 full-time, contract and seasonal employees. Beginning in a stripped-down auto body shop with no heat or air, the company now operates from a spacious facility in excess of 20,000 square feet.

Today, Oobe sportswear is sold in more than 500 outdoor shops across the country, in Canada and Japan. Not satisfied to be a secondary brand behind such giants as Columbia and The North Face, Oobe recently began to build its own connection with customers by opening retail stores in Clemson and Greenville, S.C.

Long-term Objective 2.2

Maximize the sustainability and growth of existing small businesses assisted by SBA.

Annual Results

| Results and Resources | | | | | | | | |
|---|------------------|----------------|----------------|--------------|----------------|------------------|--------------|---------------------|
| SBA Annual Output Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 2.2.1 Number of existing small businesses receiving SBA assistance. | 361,296 | 380,675 | 423,282 | 433,560 | 468,251 | 502,512 | 515,784 | 2,972,112 |
| 2.2.2 Firms assisted by SBA, existing for 1-2 years and exceeding the national average survivability rate for the same time period. | N/A ¹ | N/A | N/A | N/A | N/A | TBD ² | TBD | TBD |
| 2.2.3 Small firms, assisted by SBA, exceeding the national average job creation rate. | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| 2.2.4 Small firms, assisted by SBA, exceeding the national average revenue growth rate. | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| 2.2.5 Customer satisfaction rate of at least 90%. | 93.0% | 75.0% | 85.3% | 85.0% | 80.0% | 85.4% | 86.9% | 90.0% |
| SBA Annual Output Measures | | | | | | | | |
| Receiving Financial Assistance | 44,603 | 44,936 | 54,470 | 65,319 | 71,027 | 92,706 | 109,650 | 543,075 |
| Receiving Technical Assistance | 316,093 | 333,014 | 363,582 | 361,660 | 389,471 | 399,881 | 392,634 | 2,367,460 |
| Procurement Assistance | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| SBA Annual Outcomes Cost ³ | | | | | | | | |
| Total Financial Assistance Cost (\$000) | \$196,677 | \$202,101 | \$229,477 | \$198,139 | \$246,165 | \$216,792 | TBD | TBD |
| Total Technical Assistance Cost (\$000) | \$52,184 | \$55,794 | \$46,293 | \$47,347 | \$48,988 | \$45,081 | TBD | TBD |
| Total Procurement Assistance Cost (\$000) | \$6,042 | \$5,804 | \$6,539 | \$3,543 | \$5,648 | \$7,550 | TBD | TBD |

¹ N/A = Not Applicable

² TBD = To Be Determined

³ Cost Figures are from FY 04 Congressional Budget Submission

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|---|----------------|----------------|----------------|---------------|----------------|---------------|------------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS (CA) | | | | | | | | | |
| 7(a) Loan Program | Loans approved | 30,196 | 30,562 | 38,239 | 48,000 | 51,718 | 72,000 | 90,170 | 425,600 |
| | Dollar volume of total 7(a) Loans (net) | \$9.7B | \$9.1B | \$9.4B | \$9.4B | \$8.6B | \$9.3B | \$10B | \$51.7B |
| | Dollar Volume of 7(a) Loans below \$150,000 (Net) | \$1.9B | \$2.0B | \$2.2B | \$1.6B | \$2.6B | \$1.9B | \$2.5B | \$11.7B |
| | Dollar Volume of STAR Loans | N/A | N/A | \$1.8B | \$1.7B | \$1.8B | N/A | N/A | N/A |
| 504 Loan Program | Loans approved | 3,640 | 4,235 | 4,491 | 5,000 | 5,542 | 6,255 | 6,800 | 37,900 |
| Microloans ¹ | Loans approved | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A ² | N/A |
| International Trade | Loans approved | 480 | 425 | 468 | 550 | 1,503 | 1,845 | 1,945 | 9,483 |
| | Export Sales through Financing | \$675M | \$608M | \$616M | \$700M | \$668M | \$700M | N/A | N/A |
| New Markets Venture Capital | Equity Financing approved | N/A | N/A | 500,000 | N/A | \$2.1M | \$8M | \$11M | \$47.1M |
| | Operational Assistance | N/A | N/A | 451,544 | \$1.3M | N/A | \$1.9M | \$3.5M | \$10.2M |
| SBIC | Equity Financing | 2,490 | 2,558 | 2,826 | 2,900 | 3,469 | 2,976 | 3,000 | 17,850 |
| | # Licenses issued | 60 | 51 | 41 | 40 | 36 | 35 | 35 | 186 |
| | Total Dollar of SBIC Financing | \$2.76B | \$2.455B | \$2.559B | N/A | N/A | N/A | N/A | N/A |
| Surety Bonds | Bonds guaranteed | 7,034 | 6,320 | 7,372 | 8,000 | 8,974 | 9,900 | 9,680 | 61,725 |
| | Program Examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1,950 |
| | Total Receiving Financial Assistance | 44,603 | 44,936 | 54,470 | 65,319 | 71,027 | 92,706 | 109,650 | 543,075 |
| | Total Receiving CA Technical Assistance | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A | N/A |

¹ Dollar Volume of Total Microloans for existing businesses was not available.

² No funding was requested for this program.

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------------|--|----------------|----------------|----------------|--------------|----------------|---------------|---------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| HUBZONE | % Fed dollars awarded | 0.30% | 0.72% | 0.71% | 3.0% | N/A | 3.0% | 3.0% | 3.0% |
| | Number of Firms Certified at Year End. | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| | Yearly number of HUBZone firms certified | N/A | N/A | 2,786 | 2,200 | 2,338 | 2,200 | 2,200 | 11,000 |
| | Program Examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1,950 |
| | Total Procurement Assistance | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| ENTREPRENEURIAL DEVELOPMENT (ED) | | | | | | | | | |
| SCORE | # clients served | 64,179 | 65,949 | 74,850 | 78,584 | 80,633 | 83,052 | 85,544 | 519,518 |
| | # clients trained | 17,588 | 16,499 | 20,388 | 21,407 | 23,516 | 24,221 | 24,948 | 150,002 |
| | # clients counseled | 46,591 | 49,450 | 54,462 | 57,176 | 57,117 | 58,831 | 60,595 | 369,516 |
| Small Business Dev. Center | # clients served | 227,213 | 237,764 | 254,009 | 247,343 | 268,139 | 276,183 | 284,469 | 1,713,637 |
| | # clients trained | 126,474 | 138,335 | 149,670 | 146,754 | 159,219 | 163,996 | 168,915 | 1,017,429 |
| | # clients counseled | 100,739 | 99,429 | 104,339 | 100,589 | 108,920 | 112,188 | 115,553 | 696,208 |
| | # training hours | N/A | N/A | N/A | 634,307 | 812,403 | TBD | TBD | TBD |
| | # training sessions | N/A | N/A | N/A | 9,360 | 10,128 | TBD | TBD | TBD |
| Women's Business Ownership | # clients served | 9,045 | 12,153 | 17,150 | 17,708 | 21,322 | 21,962 | 22,621 | 134,305 |
| | # clients trained | 6,616 | 7,576 | 11,013 | 11,333 | 12,845 | 13,230 | 13,627 | 81,575 |
| | # clients counseled | 2,429 | 4,577 | 6,137 | 6,375 | 8,477 | 8,731 | 8,993 | 52,731 |
| | # information transfer contacts | N/A | 38,410 | 38,885 | 40,111 | 61,197 | TBD | TBD | TBD |
| Business Information Centers | # clients served | 13,436 | 14,215 | 14,666 | 15,106 | 16,553 | 15,559 | N/A | N/A |
| | # clients counseled | 14,215 | 14,666 | 15,106 | 15,106 | 16,550 | TBD | N/A | N/A |
| | # information transfer contacts | N/A | N/A | N/A | 1,000 | 8,689 | TBD | N/A | N/A |
| | Customer Satisfaction | 88% | 93% | N/A | 91% | 90% | TBD | N/A | N/A |
| Small Business Training Network | # clients participating | N/A | 55,390 | 60,320 | 69,238 | 199,701 | TBD | TBD | TBD |

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Drug Free Work Place | # small businesses establishing drug-free workplace programs | 977 | 1,671 | 1,365 | 1,500 | 1,500 | 1,550 | N/A | N/A |
| | Total number of firms educated about benefits | N/M | N/M | N/M | 11,600 | 11,873 | N/M | N/M | N/M |
| Co-Sponsorships | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| International Visitors Program | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| National Education Center | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| Native American Outreach | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| One Stop Capital Shop | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| | Total Receiving ED Technical Assistance³ | 314,850 | 331,753 | 362,040 | 360,241 | 388,147 | 398,306 | 392,634 | 2,367,460 |
| | Total Receiving Technical Assistance | 316,093 | 333,014 | 363,582 | 361,660 | 389,471 | 399,881 | 392,634 | 2,367,460 |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | Loans approved | 30,196 | 30,562 | 38,239 | 48,000 | 51,718 | 72,000 | 90,170 | 425,600 |
| | Dollar volume of total 7(a) Loans below \$150,000 | \$9.7B | \$9.1B | \$9.4B | \$9.4B | \$8.6B | \$9.3B | \$10B | \$51.7B |
| | Dollar Volume of 7(a) Loans below \$150,000 (Net) | \$1.9B | \$2.0B | \$2.2B | \$1.6B | \$2.6B | \$1.9B | \$2.5B | \$11.7B |
| | Dollar Volume of STAR Loans | N/A | N/A | \$1.8B | \$1.7B | \$1.8B | N/A | N/A | N/A |
| 504 Loan Program | Loans approved | 3,640 | 4,235 | 4,491 | 5,000 | 5,542 | 6,255 | 6,800 | 37,900 |
| Microloans | Loans approved | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A | N/A |
| | # hours of technical assistance | N/A | 118,521 | 124,008 | 105,693 | N/A | 106,382 | N/A | N/A |
| International Trade | Loans approved | 480 | 425 | 468 | 550 | 1,503 | 1,845 | 1,945 | 9,483 |
| | Export Sales through Financing | \$675M | \$608M | \$616M | \$700M | \$668M | \$700M | N/A | N/A |

³ The ED allocations for prospective, start-up and existing clients in charts 2.1 and 2.2 are estimates based on a weighted formula.

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| New Markets Venture Capital | Equity Financing approved | N/A | N/A | 500,000 | N/A | \$2.1M | \$8M | \$11M | \$47.1M |
| | Operational Assistance | N/A | N/A | 451,544 | \$1.3M | N/A | \$1.9M | \$3.5M | \$10.2M |
| SBIC | Equity Financing | 2,490 | 2,558 | 2,826 | 2,900 | 3,469 | 2,976 | 3,000 | 17,850 |
| | # Licenses issued | 60 | 51 | 41 | 40 | 36 | 35 | 35 | 186 |
| | Total Dollar of SBIC Financing | \$2.76B | \$2.455B | \$2.559B | N/A | N/A | N/A | N/A | N/A |
| Surety Bonds | Bonds guaranteed | 7,034 | 6,320 | 7,372 | 8,000 | 8,974 | 9,900 | 9,680 | 61,725 |
| | Program Examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1950 |
| | Total Receiving Financial Assistance | 44,603 | 44,936 | 54,470 | 65,319 | 71,027 | 92,706 | 109,650 | 543,075 |
| | Total Receiving CA Technical Assistance | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A | N/A |
| HUBZONE | % Fed dollars awarded | 0.30% | 0.72% | 0.71% | 3.00% | N/A | 3.00% | 3.00% | 3.00% |
| | Number of Firms Certified at Year End. | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| | Yearly number of HUBZone firms certified | N/A | N/A | 2,786 | 2,200 | 2,338 | 2,200 | 2,200 | 11,000 |
| | Program Examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1950 |
| | Total Procurement Assistance | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| SCORE | # clients served | 64,179 | 65,949 | 74,850 | 78,584 | 80,633 | 83,052 | 85,544 | 519,518 |
| | # clients trained | 17,588 | 16,499 | 20,388 | 21,407 | 23,516 | 24,221 | 24,948 | 150,002 |
| | # clients counseled | 46,591 | 49,450 | 54,462 | 57,176 | 57,117 | 58,831 | 60,595 | 369,516 |
| Small Business Dev. Center | # clients served | 227,213 | 237,764 | 254,009 | 247,343 | 268,139 | 276,183 | 284,469 | 1,713,637 |
| | # clients trained | 126,474 | 138,335 | 149,670 | 146,754 | 159,219 | 163,996 | 168,915 | 1,017,429 |
| | # clients counseled | 100,739 | 99,429 | 104,339 | 100,589 | 108,920 | 112,188 | 115,553 | 696,208 |
| | # client hours | N/A | N/A | N/A | 634,307 | 812,403 | TBD | TBD | TBD |
| Women's Business Ownership | # clients served | 9,045 | 12,153 | 17,150 | 17,708 | 21,322 | 21,962 | 22,621 | 134,305 |
| | # clients trained | 6,616 | 7,576 | 11,013 | 11,333 | 12,845 | 13,230 | 13,627 | 81,575 |
| | # clients counseled | 2,429 | 4,577 | 6,137 | 6,375 | 8,477 | 8,731 | 8,993 | 52,731 |

| Program Annual Output Measures | | | | | | | | | |
|---------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Business Information Centers | # clients served | 13,436 | 14,215 | 14,666 | 15,106 | 16,553 | 15,559 | N/A | N/A |
| | # clients counseled | 14,215 | 14,666 | 15,106 | 15,106 | 16,550 | TBD | N/A | N/A |
| | # information transfer contacts | N/A | N/A | N/A | 1,000 | 8,689 | TBD | N/A | N/A |
| | Customer Satisfaction | 88% | 93% | N/A | 91% | 90% | TBD | N/A | N/A |
| Small Business Training Network | # clients participating | N/A | 55,390 | 60,320 | 69,238 | 199,701 | TBD | TBD | TBD |
| Drug Free Work Place | # small businesses establishing drug-free workplace programs | 977 | 1,671 | 1,365 | 1,500 | 1,500 | 1,550 | N/A | N/A |
| | Total number of firms educated about benefits | N/M | N/M | N/M | 11,600 | 11,873 | N/M | N/M | N/M |
| Co-Sponsorships | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| International Visitors Program | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| National Education Center | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| Native American Outreach | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| One Stop Capital Shop | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| | Total Receiving ED Technical Assistance | 314,850 | 331,753 | 362,040 | 360,241 | 388,147 | 398,306 | 392,634 | 2,367,460 |
| | Total Receiving Technical Assistance | 316,093 | 333,014 | 363,582 | 361,660 | 389,471 | 399,881 | 392,634 | 2,367,460 |

| Program Annual Outcome Measures | | | | | | | | | |
|--|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 2.2.1 Number of small businesses receiving SBA assistance. | | | | | | | | | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | ESB assisted | 30,196 | 30,562 | 38,239 | 48,000 | 51,718 | 72,000 | 90,170 | 425,600 |
| 504 Loan Program | ESB assisted | 3,640 | 4,235 | 4,491 | 5,000 | 5,542 | 6,255 | 6,800 | 37,900 |
| Microloans | ESB assisted | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A | N/A |
| Surety Bonds | ESB assisted | 7,034 | 6,320 | 7,372 | 8,000 | 8,974 | 9,900 | 9,680 | 61,725 |
| International Trade | ESB assisted | 480 | 425 | 468 | 550 | 1,503 | 1,845 | 1,945 | 9,483 |
| SBIC | ESB assisted | 2,490 | 2,558 | 2,826 | 2,900 | 3,469 | 2,976 | 3,000 | 17,850 |
| New Markets Venture Capital | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| | Total ESB Assisted | 44,603 | 44,936 | 54,470 | 65,319 | 71,027 | 92,706 | 109,650 | 543,075 |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| HUBZone | ESB assisted | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| | Total ESB Assisted | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | ESB assisted | 64,179 | 65,949 | 74,850 | 78,584 | 80,633 | 83,052 | 85,544 | 519,518 |
| SBDC | ESB assisted | 227,213 | 237,764 | 254,009 | 247,343 | 268,139 | 276,183 | 284,469 | 1,713,637 |
| WBC | ESB assisted | 9,045 | 12,153 | 17,150 | 17,708 | 21,322 | 21,962 | 22,621 | 134,305 |
| Business Information Centers | ESB assisted | 13,436 | 14,215 | 14,666 | 15,106 | 16,553 | 15,559 | N/A | N/A |
| Drug Free Work Place | ESB assisted | 977 | 1,671 | 1,365 | 1,500 | 1,500 | 1,550 | N/A | N/A |
| Co-Sponsorships | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| International Visitors Program | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| National Education Center | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| Native American Outreach | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| One Stop Capital Shop | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| | Total ESB Assisted | 314,850 | 331,753 | 362,040 | 360,241 | 388,147 | 398,306 | 392,634 | 2,367,460 |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | ESB assisted | 30,196 | 30,562 | 38,239 | 48,000 | 51,718 | 72,000 | 90,170 | 425,600 |
| 504 Loan Program | ESB assisted | 3,640 | 4,235 | 4,491 | 5,000 | 5,542 | 6,255 | 6,800 | 37,900 |

| Program Annual Outcome Measures | | | | | | | | | |
|---|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Microloans | ESB assisted | 1,243 | 1,261 | 1,542 | 1,419 | 1,324 | 1,575 | N/A | N/A |
| International Trade | ESB assisted | 480 | 425 | 468 | 550 | 1,503 | 1,845 | 1,945 | 9,483 |
| Surety Bonds | ESB assisted | 7,034 | 6,320 | 7,372 | 8,000 | 8,974 | 9,900 | 9,680 | 61,725 |
| HUBZone | ESB assisted | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| SCORE | ESB assisted | 64,179 | 65,949 | 74,850 | 78,584 | 80,633 | 83,052 | 85,544 | 519,518 |
| SBDC | ESB assisted | 227,213 | 237,764 | 254,009 | 247,343 | 268,139 | 276,183 | 284,469 | 1,713,637 |
| WBC | ESB assisted | 9,045 | 12,153 | 17,150 | 17,708 | 21,322 | 21,962 | 22,621 | 134,305 |
| Business Information Centers | ESB assisted | 13,436 | 14,215 | 14,666 | 15,106 | 16,553 | 15,559 | N/A | N/A |
| Drug Free Work Place | ESB assisted | 977 | 1,671 | 1,365 | 1,500 | 1,500 | 1,550 | N/A | N/A |
| Co-Sponsorships | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| International Visitors Program | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| National Education center | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| Native American Outreach | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| One Stop Capital Shop | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M | N/M |
| | Total ESB Assisted | 358,806 | 378,117 | 420,456 | 430,660 | 464,782 | 499,536 | 512,784 | 2,954,262 |
| 2.2.5 Customer satisfaction rate of at least 90%. | | | | | | | | | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| 504 Loan Program | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| Microloans | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | N/A | N/A |
| International Trade | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| Surety Bonds | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| HUBZone | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |

| Program Annual Outcome Measures | | | | | | | | | |
|---------------------------------|-------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | % Customer Satisfaction | 68% | N/A | 83% | 87% | N/A | 87% | 90% | 90% |
| SBDC | % Customer Satisfaction | N/A | N/A | 87.50% | 88% | N/A | 88.50% | 89% | TBD |
| WBC | % Customer Satisfaction | 93.0% | 75.0% | N/A | 80% | 80% | 81% | 82% | 90% |
| BIC | % Customer Satisfaction | 88% | 93% | N/A | 91% | 90% | TBD | N/A | N/A |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| 504 Loan Program | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| Microloans | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | N/A | N/A |
| International Trade | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| Surety Bonds | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| HUBZone | % Customer Satisfaction | N/A | N/A | N/A | N/A | N/A | TBD | TBD | TBD |
| SCORE | % Customer Satisfaction | 68% | N/A | 83% | 87% | N/A | 87% | 90% | 90% |
| SBDC | % Customer Satisfaction | N/A | N/A | 87.50% | 88% | N/A | 88.50% | 89% | TBD |
| WBC | % Customer Satisfaction | 93.0% | 75.0% | N/A | 80% | 80% | 81% | 82% | 90% |
| BIC | % Customer Satisfaction | 88% | 93% | N/A | 91% | 90% | TBD | N/A | N/A |
| | Total | 93.0% | 75.0% | 85.25% | 85.0% | 80.0% | 85.4% | 86.9% | 90.00% |

| Program Annual Costs | | | | | | | | | |
|---|----------------------------|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program Note: Includes STAR costs | Total Cost (\$000) | \$145,802 | \$140,457 | \$163,365 | \$136,948 | \$167,021 | \$156,174 | TBD | TBD |
| | Cost per Loan Made | \$4,829 | \$4,596 | \$4,272 | \$2,853 | \$3,229 | \$2,169 | TBD | TBD |
| | Loan Making (\$000) | \$32,641 | \$29,908 | \$23,824 | \$25,754 | \$43,289 | \$25,759 | TBD | TBD |
| | Loan Servicing (\$000) | \$30,972 | \$30,413 | \$39,323 | \$35,892 | \$35,456 | \$47,836 | TBD | TBD |
| | Subsidy Cost (\$000) | \$78,388 | \$75,950 | \$95,545 | \$68,530 | \$84,458 | \$76,130 | TBD | TBD |
| | Lender Oversight (\$000) | \$3,732 | \$4,107 | \$4,573 | \$6,692 | \$3,787 | \$6,318 | TBD | TBD |
| | Asset Sales | \$69 | \$79 | \$100 | \$80 | \$31 | \$131 | TBD | TBD |
| 504 Loan Program | Total Cost (\$000) | \$21,696 | \$20,532 | \$22,969 | \$25,382 | \$30,687 | \$26,078 | TBD | TBD |
| | Cost per Loan | \$5,960 | \$4,848 | \$5,114 | \$5,076 | \$5,537 | \$4,169 | TBD | TBD |
| | Loan Making (\$000) | \$11,251 | \$11,749 | \$12,486 | \$14,515 | \$21,760 | \$14,560 | TBD | TBD |
| | Loan Servicing (\$000) | \$8,982 | \$7,190 | \$8,758 | \$8,515 | \$7,590 | \$9,276 | TBD | TBD |
| | Lender Oversight (\$000) | \$1,437 | \$1,563 | \$1,688 | \$2,324 | \$1,327 | \$2,196 | TBD | TBD |
| | Asset Sales (\$000) | \$26 | \$30 | \$37 | \$28 | \$10 | \$46 | TBD | TBD |
| | | | | | | | | | |
| Microloans | Total Cost (\$000) | \$13,911 | \$13,422 | \$14,501 | \$14,709 | \$13,530 | \$11,170 | N/A | N/A |
| | Cost per Loan | \$11,191 | \$10,644 | \$9,404 | \$10,366 | \$10,219 | \$7,092 | N/A | N/A |
| | Loan Making (\$000) | \$0 | \$0 | \$380 | \$423 | \$1,216 | \$205 | N/A | N/A |
| | Loan Servicing (\$000) | \$0 | \$0 | \$767 | \$431 | \$2,010 | \$221 | N/A | N/A |
| | Loan Subsidy (\$000) | \$1,427 | \$1,553 | \$1,688 | \$2,291 | \$2,103 | \$1,027 | N/A | N/A |
| | Tech Assistance (\$000) | \$12,484 | \$11,869 | \$11,666 | \$11,564 | \$8,201 | \$9,717 | N/A | N/A |
| | Cost per Hour | N/A | \$100 | \$94 | \$109 | N/A | \$91 | N/A | N/A |
| International Trade | Total Cost (\$000) | \$3,318 | \$4,254 | \$4,990 | \$5,867 | \$5,811 | \$6,568 | TBD | TBD |
| | Cost per Loan | \$6,913 | \$10,009 | \$10,662 | \$10,667 | \$3,866 | \$3,560 | TBD | TBD |
| New Markets Venture Capital | Total Program Cost (\$000) | \$659 | \$716 | \$5,152 | \$1,786 | \$12,626 | \$1,215 | TBD | TBD |
| Prime Technical Assistance | Total Cost (\$000) | \$896 | \$10,775 | \$3,508 | \$362 | \$3,502 | \$303 | TBD | TBD |
| SBIC | Total Cost (\$000) | \$5,979 | \$8,259 | \$10,789 | \$10,104 | \$9,322 | \$10,414 | TBD | TBD |
| | Cost per Financing | \$2,401 | \$3,229 | \$3,818 | \$3,484 | \$2,687 | \$3,499 | TBD | TBD |
| | New Licenses | \$1,734 | \$2,560 | \$3,237 | \$3,031 | \$2,797 | \$2,916 | TBD | TBD |
| | Oversight/Exams | \$4,245 | \$5,699 | \$7,552 | \$7,073 | \$6,525 | \$7,498 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|--------------------------------------|---|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Surety Bonds | Total Cost (\$000) | \$4,416 | \$3,686 | \$4,203 | \$4,767 | \$3,666 | \$4,870 | TBD | TBD |
| | Cost per Surety Bond | \$628 | \$583 | \$570 | \$596 | \$409 | \$492 | TBD | TBD |
| | Total Capital Access (\$000) | \$196,677 | \$202,101 | \$229,477 | \$198,139 | \$246,165 | \$216,792 | TBD | TBD |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| HUBZone | Total Cost (\$000) | \$6,042 | \$5,804 | \$6,539 | \$3,543 | \$5,648 | \$7,550 | TBD | TBD |
| | Cost per Firm | \$3,278 | \$1,456 | \$966 | \$443 | \$622 | \$657 | TBD | TBD |
| | Total Gov Contr/Bus Dev (\$000) | \$6,042 | \$5,804 | \$6,539 | \$3,543 | \$5,648 | \$7,550 | TBD | TBD |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | Total Cost (\$000) | \$1,665 | \$2,016 | \$2,256 | \$2,305 | \$1,918 | \$2,325 | TBD | TBD |
| | Cost per client served | \$26 | \$31 | \$30 | \$29 | \$24 | \$28 | TBD | TBD |
| SBDC | Total Cost (\$000) | \$36,704 | \$39,127 | \$39,043 | \$38,101 | \$36,176 | \$38,174 | TBD | TBD |
| | Cost per client served | \$162 | \$165 | \$154 | \$154 | \$135 | \$138 | TBD | TBD |
| WBC | Total Cost (\$000) | \$2,998 | \$4,267 | \$3,490 | \$3,281 | \$3,328 | \$3,305 | TBD | TBD |
| | Cost per client served | \$331 | \$351 | \$204 | \$185 | \$156 | \$150 | TBD | TBD |
| Business Information Centers | Total Cost (\$000) | \$1,180 | \$1,213 | \$1,194 | \$1,266 | \$102 | \$1,277 | N/A | N/A |
| Drug Free Work Place | Total Cost (\$000) | N/A | N/A | \$2,773 | \$3,000 | \$1,941 | N/A | TBD | TBD |
| Co-Sponsorships | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$1,182 | N/A | TBD | TBD |
| International Visitors Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$1,516 | N/A | TBD | TBD |
| National Education Center | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$289 | N/A | TBD | TBD |
| Native American Outreach | Total Cost (\$000) | \$1,715 | \$2,233 | \$310 | \$2,394 | \$2,536 | N/A | TBD | TBD |
| One Stop Capital Shop | Total Cost (\$000) | \$7,922 | \$6,938 | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total Entrepreneurial Development (\$000) | \$52,184 | \$55,794 | \$46,293 | \$47,347 | \$48,988 | \$45,081 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program Note: Includes STAR costs | Total Program Cost (\$000) | \$55,025 | \$42,747 | \$54,272 | \$59,909 | \$62,712 | \$58,354 | TBD | TBD |
| | Cost per Loan Made | \$1,822 | \$1,399 | \$1,419 | \$1,248 | \$1,213 | \$810 | TBD | TBD |
| | Loan Making (\$000) ¹ | \$28,412 | \$20,292 | \$19,698 | \$13,418 | \$33,724 | \$19,926 | TBD | TBD |
| | Loan Servicing (\$000) | \$23,878 | \$20,905 | \$31,969 | \$42,776 | \$27,809 | \$35,360 | TBD | TBD |
| | Lender Oversight (\$000) | \$2,691 | \$1,530 | \$2,568 | \$3,685 | \$1,163 | \$3,039 | TBD | TBD |
| 504 Loan Program | Asset Sales (\$000) | \$44 | \$20 | \$37 | \$30 | \$16 | \$29 | TBD | TBD |
| | Total Cost | \$16,825 | \$13,840 | \$18,272 | \$23,782 | \$23,172 | \$19,685 | TBD | TBD |
| | Cost per Loan | \$4,622 | \$3,268 | \$4,069 | \$4,756 | \$4,181 | \$3,147 | TBD | TBD |
| | Loan Making (\$000) | \$9,572 | \$8,155 | \$10,304 | \$13,978 | \$16,848 | \$11,572 | TBD | TBD |
| | Loan Servicing (\$000) | \$6,198 | \$5,095 | \$7,007 | \$8,515 | \$5,912 | \$7,047 | TBD | TBD |
| | Lender Oversight (\$000) | \$1,037 | \$582 | \$948 | \$1,279 | \$407 | \$1,056 | TBD | TBD |
| Microloans | Asset Sales (\$000) | \$18 | \$8 | \$13 | \$10 | \$5 | \$10 | TBD | TBD |
| | Total Cost (\$000) | \$469 | \$248 | \$443 | \$630 | \$780 | \$239 | N/A | N/A |
| International Trade | Cost per Loan | \$377 | \$197 | \$287 | \$444 | \$589 | \$152 | N/A | N/A |
| | Total Cost (\$000) | \$4 | \$1,419 | \$1,718 | \$306 | \$965 | \$77 | TBD | TBD |
| Surety Bonds | Cost per Loan | N/A | \$3,339 | \$3,671 | \$556 | \$642 | \$42 | TBD | TBD |
| | Total Cost (\$000) | \$1,289 | \$945 | \$1,966 | \$2,308 | \$1,746 | \$2,308 | TBD | TBD |
| New Markets Venture Capital | Cost per Loan | \$183 | \$150 | \$267 | \$289 | \$195 | \$233 | TBD | TBD |
| | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$169 | \$430 | TBD | TBD |
| | Total Capital Access (\$000) | \$73,615 | \$59,200 | \$76,671 | \$87,238 | \$89,556 | \$81,279 | TBD | TBD |
| HUBZone | Total Cost (\$000) | \$2,471 | \$1,763 | \$2,837 | \$2,645 | \$2,657 | \$3,062 | TBD | TBD |
| | Cost per Firm | \$1,341 | \$442 | \$419 | \$331 | \$293 | \$266 | TBD | TBD |
| | Total Gov Contr/Bus Dev (\$000) | \$2,471 | \$1,763 | \$2,837 | \$2,645 | \$2,657 | \$3,062 | TBD | TBD |
| SCORE | Total Cost (\$000) | \$1,505 | \$713 | \$763 | \$849 | \$812 | \$841 | TBD | TBD |
| | Cost per client served | \$23 | \$11 | \$10 | \$11 | \$10 | \$10 | TBD | TBD |
| SBDC | Total Cost (\$000) | \$2,768 | \$2,220 | \$2,025 | \$2,723 | \$1,215 | \$2,210 | TBD | TBD |
| | Cost per client served | \$12 | \$9 | \$8 | \$11 | \$5 | \$8 | TBD | TBD |
| WBC | Total Cost (\$000) | \$718 | \$983 | \$322 | \$351 | \$433 | \$347 | TBD | TBD |
| | Cost per client served | \$79 | \$81 | \$19 | \$20 | \$20 | \$16 | TBD | TBD |
| Business Information Centers | Total Cost (\$000) | \$977 | \$731 | \$825 | \$880 | \$65 | \$851 | N/A | N/A |
| Drug Free Work Place | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$0 | N/A | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Co-Sponsorships | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$726 | N/A | TBD | TBD |
| International Visitors Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$0 | N/A | TBD | TBD |
| National Education Center | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$29 | N/A | TBD | TBD |
| Native American Outreach | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$76 | N/A | TBD | TBD |
| One Stop Capital Shop | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$0 | N/A | TBD | TBD |
| | Total Entrepreneurial Development (\$000) | \$5,968 | \$4,647 | \$3,935 | \$4,803 | \$2,525 | \$4,249 | TBD | TBD |

Programs Performance and Cost to Achieve Results

Office of Capital Access

The transition from a very small business with either no employees or few employees who are personally supervised by the owner to sophisticated operations with dozens of workers is often a very difficult transition. During FY 2003, the OCA strived to maximize the sustainability and growth of existing small businesses assisted by SBA.

In FY 2003, the number of 7(a) loans approved to existing small businesses increased by 35% over the previous year. SBA increased the number of 7(a) loans made to small businesses by focusing on smaller loans, providing incentives for lenders in the SBA Express program to make smaller loans.

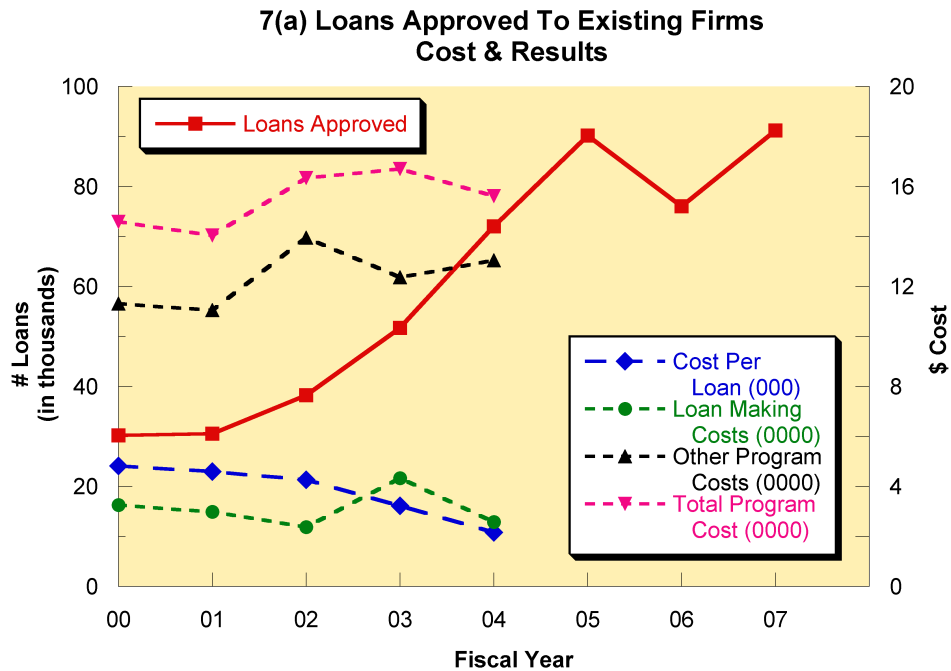


Figure 27. 7(a) Loans Approved to Existing Firms, Cost & Results

One major factor contributing to the SBA exceeding its goal for increasing the number of financed start-up and existing businesses is that in the summer of 2002, the revamped SBA Express program expanded eligibility to 2400 additional banks. Banks were able to make their own eligibility determinations and paperwork, which increased the efficiency of the loan making process by reducing SBA staff involvement. Over 600 banks from the total eligible pool, submitted loan applications for their programs, this represented 49% of all 7(a) loans made in FY 2003. Another factor is, that in February 2003 the SBA reinterpreted its policy and started allowing non-geographic based credit unions into the lending programs.

In FY 2003, the SBA met its goal for 504 loan approvals to established businesses, increasing the numbers by 23% over the previous year.

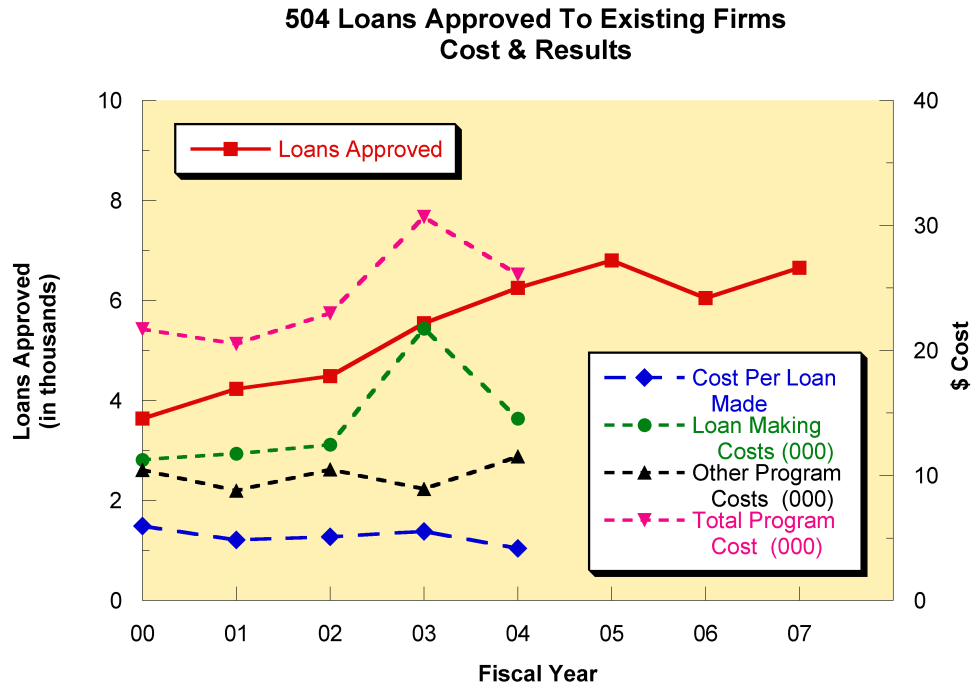


Figure 27. 504 Loans Approved To Existing Firms, Cost & Results

The SBIC program substantially exceeded its goal for financings to existing small businesses by producing 3,469 equity financings. Their set goal for FY 2003 was 2,900 financings.

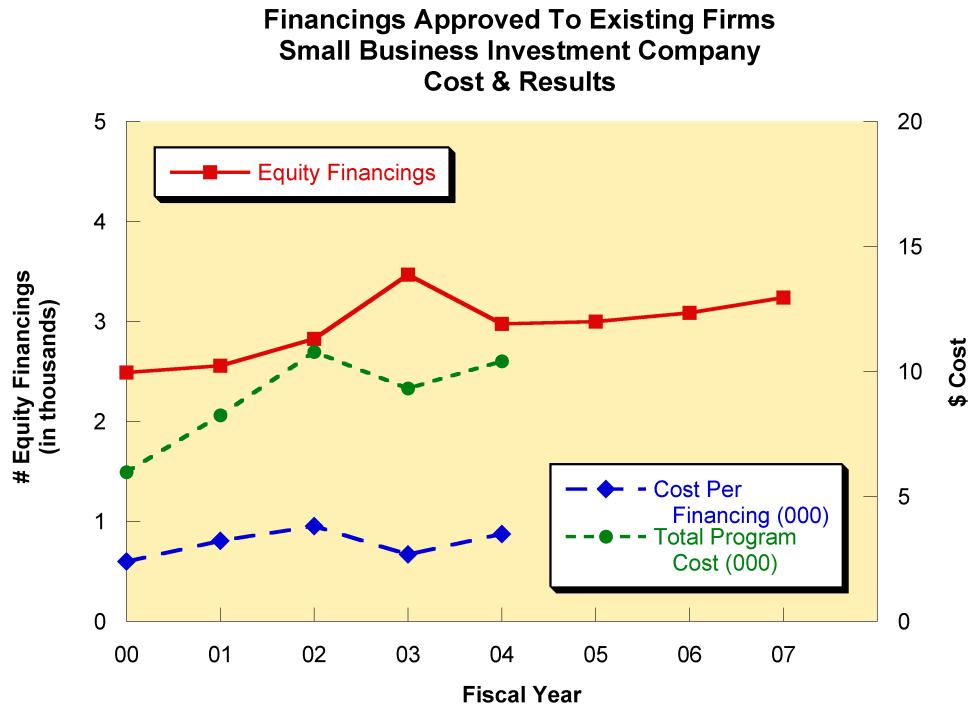


Figure 28. Financings Approved to Existing Firms, Small Business Investment Company, Cost & Results

One more way that the SBA plays a part in the successes of the small business community is by facilitating the extension of surety bond credit to small contractors who could not otherwise compete in the contracting industry. Program activity steadily increased in the Surety Bond Guarantee Program during FY 2003. The number of bonds guaranteed exceeded our total goal of 8,000 by 11%.

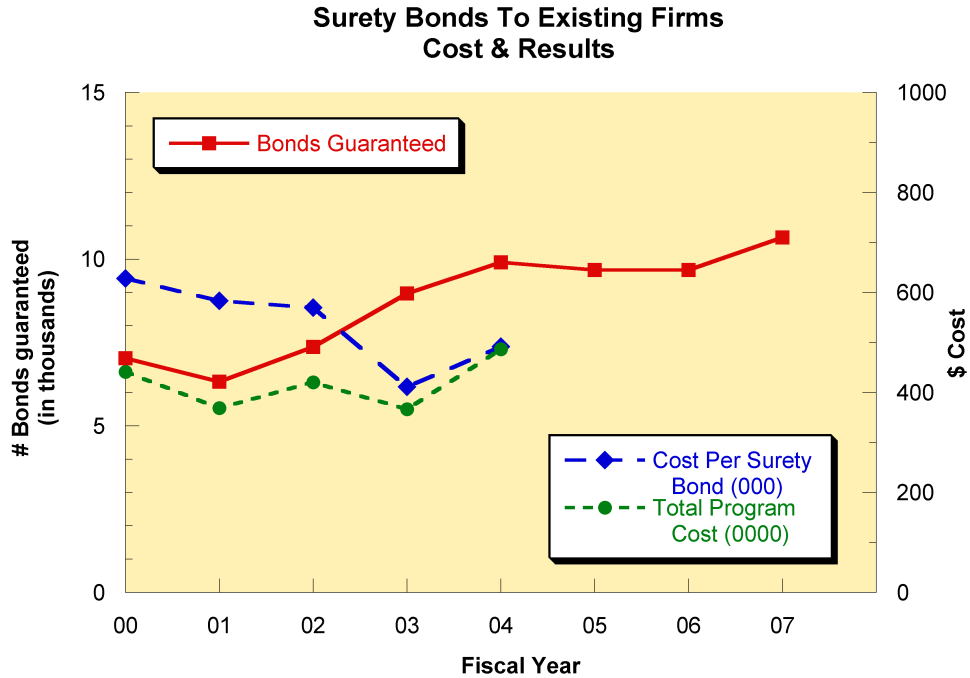


Figure 29. Surety Bonds To Existing Firms, Cost & Results

In FY 2003, the Office of International Trade (OIT) exceeded its output goals in the number of Export loans by 200%, and exceeded its outcome goals in the dollars of export sales generated by export loans by 140%. In the export technical assistance area, the OIT provided counseling to 4,500 small business exporters; conducted 64 E-TAP (Export Trade Assistance Partnership) with 898 small business participants, trained 7352 small business clients; participated in 456 trade events for small business; and recruited 59 firms for trade missions/trade shows.

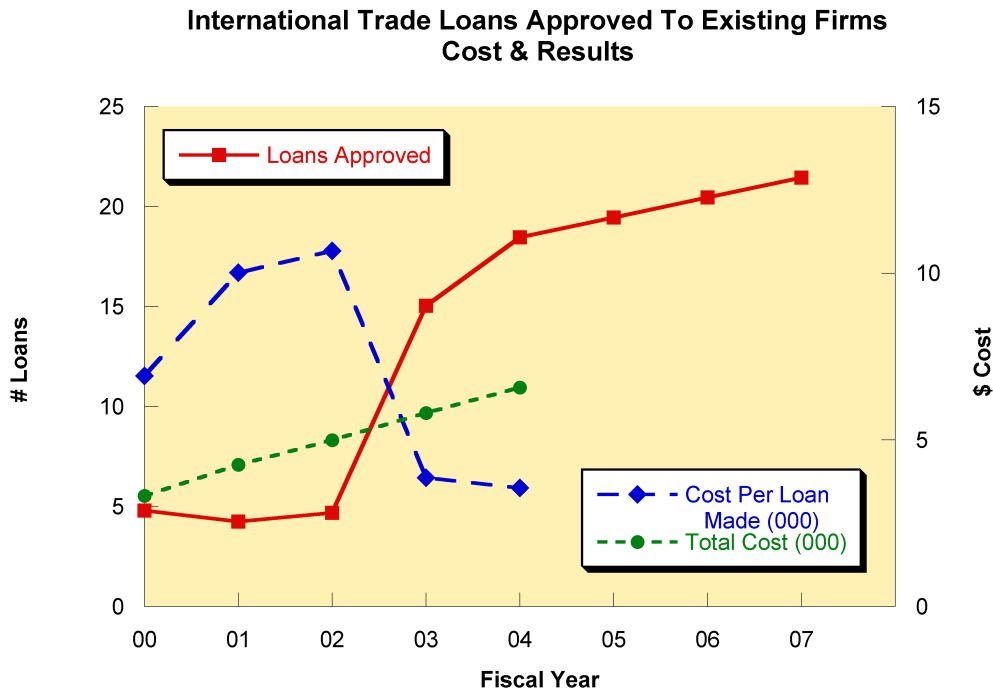


Figure 30. International Trade Loans Approved To Existing Firms, Cost and Results

In the area of trade finance, SBA has simplified the Export Working Capital (EWCP) SOP; increased Export Express limit to \$250,000; renewed a co-guarantee agreement with the California Export Finance Organization; signed a new co-guarantee agreement with the Florida Export Finance Organization; and begun negotiations with the state of Texas for a co-guarantee agreement.

In the area of International Strategic Alliance, SBA recruited 59 businesses that participated in a trade mission. Under the President's Partnership for Prosperity initiative, SBA is facilitating the establishment of an SBDC network in Mexico through the Association of Small Business Development Centers (ASBDC) and renewed a tri-lateral agreement with two economic agencies in Mexico - the Secretaría de Economía (Economy Secretariat) and the Agencia Nacional Financiera (National Financing Agency) - to promote business between U.S. small businesses and their counterparts in Mexico. SBA actively participated in (CAFTA) Central America Free Trade Agreement, Trade Capacity Building group to represent U.S. small business and develop stronger trade opportunities within Central American countries. SBA with assistance from (USAID) United States Agency for International Development established two business information centers in Nigeria which was a first in sub Sahara Africa.

The Microlending program approved 1,324 loans to existing small business. For FY 2003, the production goal of the program was 1,419 approved loans for existing firms.

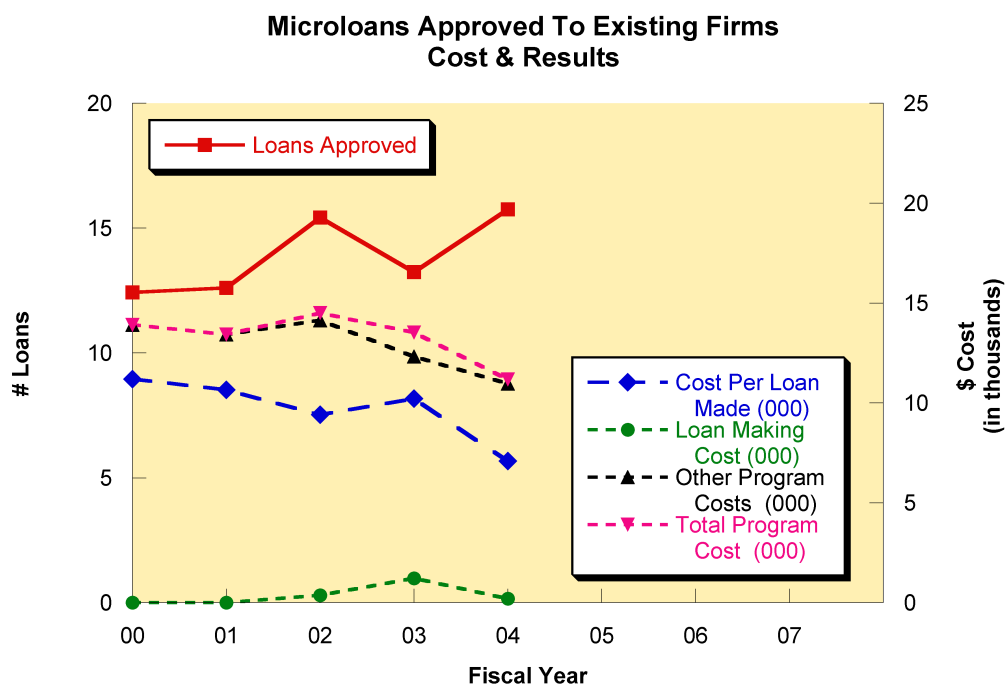


Figure 31. Microloans Approved to Existing Firms, Cost & Results

SBA also worked to reduce the cost of loan origination to encourage lenders to make additional loans. By leveraging the Agency's technology, such as E-Tran, transaction costs were reduced, enabling lenders to reduce the overall cost of originating a loan. Additionally, SBA incorporated field goals with overall lending goals within Capital Access. By integrating both goals, the Agency was able to maximize its efforts to serve this market.

The OCA also worked to increase its outreach to the lending community through focused marketing and communications. Increased outreach will allow small business borrowers greater access to SBA programs with established SBA lenders and new program participants.

Goals Not Achieved:

Licenses Issued: The downturn in the venture capital market significantly affected the ability of potential management teams to raise the funds needed to form an SBIC. Although a number of teams received "go forth" letters, many of these teams had difficulty raising the required capital. Additionally, the number of potential applicants dropped somewhat in FY 2003 from the previous year.

The OCA does not expect a significant upturn in FY 2004 due to continued fundraising difficulties and the potential for significant changes to the participating securities program.

Office of Entrepreneurial Development

In FY 2003, the Small Business Development Centers (SBDC) program successfully expanded the program's operation from a core of 58 Lead Centers to 63 Lead Centers. This increase reflects the successful opening of six new Lead Centers in California to replace its previous one center and a new

replacement Lead Center in Virginia. All told, the program achieved a counseling record of 268,139 clients counseled, exceeding its targeted goal of 247,343 by 8 percent. Included in this figure are 108,920 (39%) clients who were existing businesses. This program also exceeded its training goal of 146,754 clients trained by achieving a clients-trained total of 159,219.

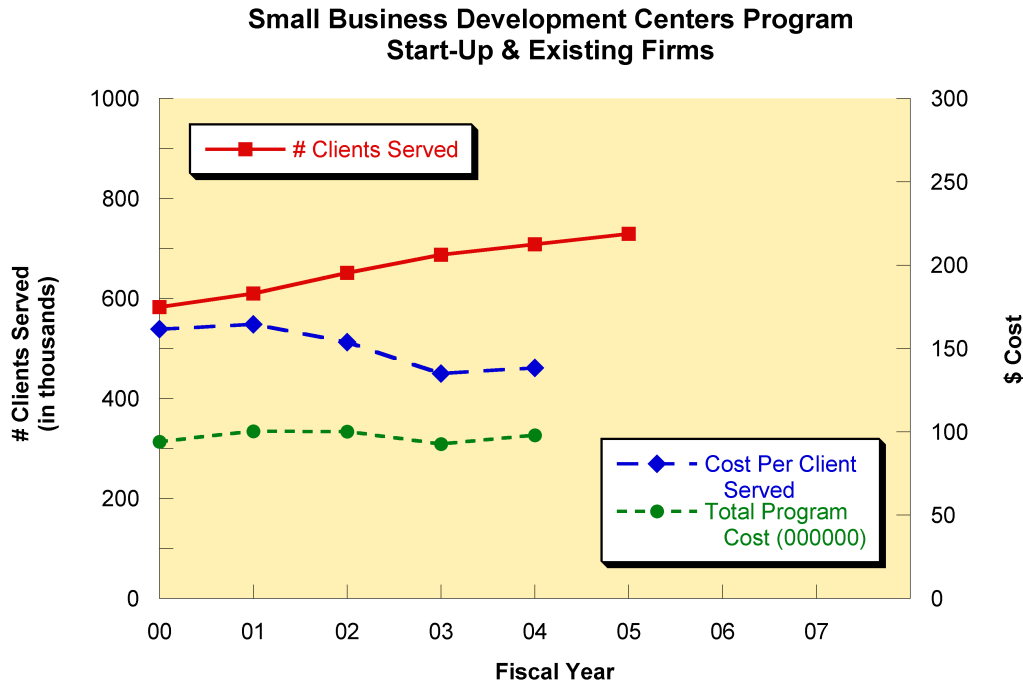


Figure 32. Small Business Development Centers Program, Start-Up & Existing Firms

In FY 2003, SBDC saw the development and usage of the first on-line needs assessment process implemented in collaboration with the Association of Small Business Development Centers (ASBDC). Participating were 23 SBDC networks providing approximately 3,500 responses. This tool is especially effective in ascertaining the needs of and responding to established businesses. As a result, the SBDC program rated very high in customer satisfaction. In the latest Chrisman Economic Impact Survey for the program, 90.9 percent of the responding established clients of SBDCs said that they would recommend the SBDC's services to other business owners because of the quality and expertise of the counselors. The study found that, overall, the SBDC program makes an important contribution to the economic development of the U.S. and that SBDC's long-term clients added \$3.9 billion in incremental sales and 46,688 new jobs to the nation's economy.

In FY 2003, the Office of Small Business Development Centers (OSBDC) conducted 32 on-site financial examinations and 24 on-site programmatic examinations of SBDC programs. It processed 42 calendar year awards, 22 fiscal year awards and 62 supplemental awards. The OSBDC also issued eight Defense Economic Transition Assistance (DETA) awards.

In FY 2003, the Michigan SBDC was approved for designation as a Small Business & Technology Development Center (SBTDC), one of only three SBDC Lead Centers to receive such a designation nationwide. As an SBTDC, the Michigan SBDC will play a strategic role with the state of Michigan in the programs and services it will offer, and the resources it will commit to technology-related management and technical assistance.

As part of its assistance to existing businesses, the OED through the Office of Women Business Ownership (OWBO) conducts mentoring roundtables with the assistance of SCORE volunteers. In FY 2003 this program, the Women's Network for Entrepreneurial Training (WNET), exceeded its three percent growth goal by growing from 180 roundtables to more than 200 nationwide; at a line item cost of only \$10,000 (expenses have remained level).

OWBO leveraged the resources of the SBA with those of the Department of Labor, the White House and other numerous private-industry co-sponsors and contributors to produce regional Women Entrepreneurship in the 21st Century Conferences in two states, Pennsylvania and Florida. Each of these conferences had more than 1500 attendees, most of whom were successful women business owners.

Office of Government Contracting And Business Development

By certifying more than 2,200 small business concerns during FY 2003, the HUBZone Program attained a portfolio of more than 9,000 firms, making it the largest single Federal certification program. The range of goods and services offered by HUBZone concerns spans the full spectrum of the North American Classification System, capable of meeting nearly all the needs of contracting officers throughout the nation.

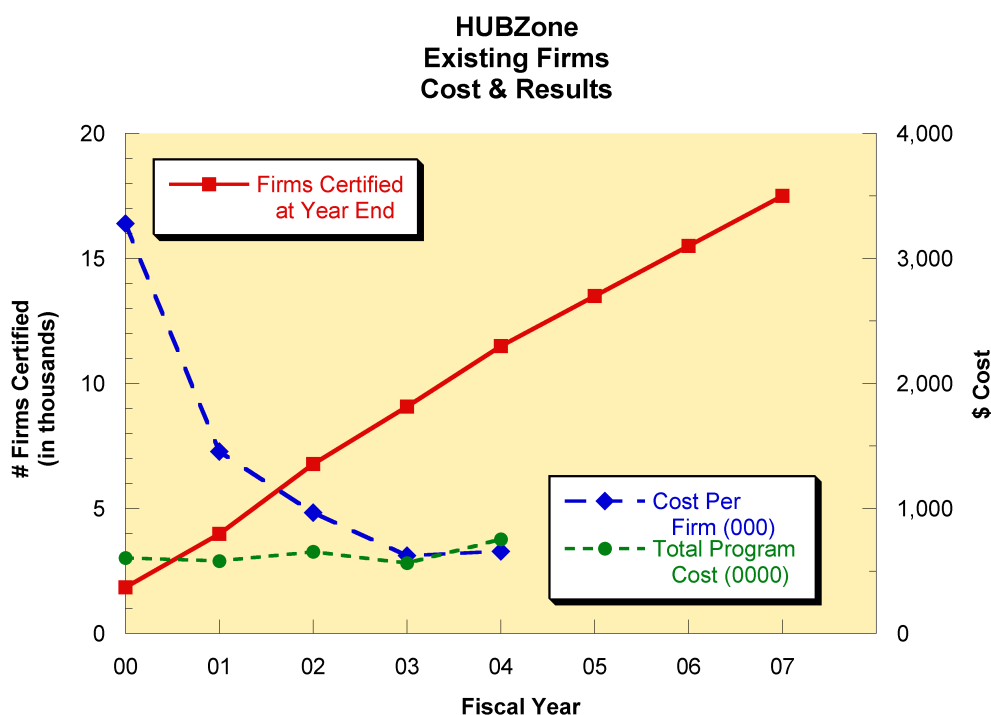


Figure 33. HUBZone, Existing Firms, Cost & Results

The HUBZone program attained this high rate of certification by enhancing the capabilities of its technologically advanced application system, which allows prospective clients to access the electronic forms and participation information via the Internet. The office continued to automate its business processes. To ensure a high level of program integrity, the office expanded its automated system to encompass a program examination component. This enhancement enabled the Agency to capture updated information from firms certified under the HUBZone Program via the Internet, electronically document examination, and analysis of corroborative information, and process continuing eligibility

determinations over the Intranet. Over the next several years, the office will complete automation of all of its key business processes through expansion of the HUBZone System to encompass recertification/decertification and adjudication of protests. This will enable the program to manage an increasing portfolio of firms with a lean staff.

Adjusted Measures and Changed Program Structure

HUBZone Program: The SBA is adding three new measures for this program: number of program examinations conducted, number of jobs supported by contracts awarded to HUBZone-certified firms, and number of jobs held by HUBZone residents supported by contacts awarded to HUBZone-certified firms. The SBA is adding one new output and two intermediate outcomes for this program: number of program examinations conducted, number of jobs supported by contracts awarded to HUBZone-certified firms, and number of jobs held by HUBZone residents supported by contacts awarded to HUBZone-certified firms, respectively. The Agency believes that the first of these measures reflects important activity to ensure program integrity. It also believes that measurement of employment and employment of HUBZone residents arising out of contract activity appropriately reflects program impact. During FY 2004, the Agency plans to develop additional measures that will permit more precise calculation of per-unit costs for the HUBZone Program.



ACCUMED

When it is time to expand, SBA is the right place

Named Regional, State and District Exporter of the Year for 2003, this rapidly growing company is a leading supplier of contract sewing and ultrasonic products for the medical, sporting goods, safety, and military industries. Its worldwide customer base includes firms in Iceland, Germany, Denmark, France, the United Kingdom, Thailand, Australia, Canada, and New Zealand. Recently recognized as the Buffalo District Small Business Exporter of Year for 2003, its export sales have increased from \$800,000 in 2001 to a projected \$5,000,000 for 2003.

Founded in 1994 by three lifelong friends - Thomas Blaszczykiewicz, David Holforth, and Joseph DiMaria - the firm employs 125, an increase of 23 over 2002, and anticipates total sales revenue for 2003 in excess of \$10,000,000. This would represent a 43% increase over 2002 sales of under \$7,000,000. Its wide range of products includes Breath-O-Prene medical fabric, Sleep Apnea Headgear, Breathing Escape Hoods, Fetal Monitoring Straps, as well as a variety of back supports, carrying cases, cervical collars, safety vests, wrist braces, and leg bag straps. Demand for the versatile Breath-O-Prene has been the primary driving force behind the dramatic surge in revenues.

A \$400,000 **SBA guaranteed loan** to purchase equipment in February 2002, as well as a **EWCP loan** in October 2002, have enabled the firm to finance this rapid growth, particularly in export sales. The company's relentless commitment to continuous quality improvement virtually assures that this expansion of its sales revenue and employment creation in western New York State will continue well into the 21st century.

Long-term Objective 2.3

Significantly increase successful small business ownership within segments of society facing competitive opportunity gaps.

Annual Results

| Results and Resources | | | | | | | | |
|--|----------------|----------------|----------------|--------------|------------------|--------------|--------------|-------------------|
| SBA Annual Outcome Measures | | | | | | | | |
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003-2007 Goal |
| 2.3.1 By 2008, increase the number of prospective and existing small businesses facing special competitive opportunity gaps (COGs). | 680,417 | 728,031 | 769,283 | N/A | 840,759 | 843,230 | 1,030,066 | 2,181,307 |
| 2.3.2 By FY 2008, for small businesses facing special competitive opportunity gaps, exceeding the national survivability rate for comparable small businesses within the first 2 years of existence. | N/A | N/A | N/A | N/A | TBD ¹ | TBD | TBD | TBD |
| 2.3.3 By 2008, for small businesses facing special competitive opportunity gaps, exceeding the national average rate of comparable small business job creation with 2 years of assistance. | N/A | N/A | N/A | N/A | TBD | TBD | TBD | TBD |
| 2.3.4 By 2008, for small businesses facing special competitive opportunity gaps, exceeding the national average rate of comparable small business revenue growth within 2 years of assistance. | N/A | N/A | N/A | N/A | TBD | TBD | TBD | TBD |

| SBA Annual Output Measures | | | | | | | | |
|---|----------------|----------------|----------------|--------------|----------------|--------------|--------------|-------------------|
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003-2007 Goal |
| Receiving Financial Assistance | N/A | 1,833 | 2,105 | N/A | 52,269 | 54,617 | 54,829 | 338,786 |
| Receiving Technical Assistance | 671,497 | 713,306 | 742,696 | N/A | 758,580 | 762,847 | 950,187 | 1,713,034 |
| Receiving Procurement Assistance | 8,920 | 12,892 | 24,482 | 19,132 | 29,910 | 25,766 | 25,050 | 129,487 |
| SBA Annual Cost | | | | | | | | |
| SBA Outcomes Cost | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003-2007 Goal |
| Total Financial Assistance Cost (\$000) | N/A | N/A | \$5,152 | \$1,786 | \$198,079 | \$131,829 | TBD | TBD |
| Total Technical Assistance Cost (\$000) | \$66,259 | \$72,237 | \$68,328 | N/A | \$57,612 | \$62,293 | TBD | TBD |
| Total Procurement Assistance Cost (\$000) | \$39,878 | \$55,437 | \$55,617 | \$52,847 | \$43,744 | \$60,302 | TBD | TBD |

¹ TBD = To Be Determined

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------------|--|----------------|----------------|----------------|---------------|----------------|---------------|------------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | Loans approved | N/A | N/A | N/A | N/A | 42,493 | 44,617 | 46,847 | 289,024 |
| 504 Loan Program | Loans approved | N/A | N/A | N/A | N/A | 3,953 | 4,150 | 4,257 | 26,778 |
| Microloan Program | Loans approved | N/A | N/A | N/A | N/A | 2,442 | 2,500 | N/A ¹ | N/A |
| | # hours of technical assistance | N/A | 118,521 | 124,008 | 105,693 | N/A | 106,382 | N/A | N/A |
| | Total dollar volume (net) | \$24,337 | \$33,470 | \$36,726 | \$31,088 | \$17,138 | \$20,000 | N/A | N/A |
| International Trade | Loans approved | N/A | N/A | N/A | N/A | Not Available | Not Available | Not Available | Not Available |
| New Venture Market Capital | Total financing dollars | N/A | N/A | \$500,000 | N/A | \$2.1M | \$8M | \$11M | \$47.1M |
| | Operational Assistance | N/A | N/A | \$451,544 | N/A | \$1.3M | \$1.9M | \$3.5M | \$10.2M |
| SBIC | Total Dollars of SBIC Financing | N/A | N/A | N/A | N/A | \$189.7M | \$200M | \$225M | \$1.1B |
| | Equity Financings | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available |
| Surety Bonds | Bonds Guaranteed | N/A | 1,833 | 2,105 | N/A | 3,381 | 3,350 | 3,725 | 22,984 |
| | Total Receiving Financing Assistance | N/A | 1,833 | 2,105 | N/A | 52,269 | 54,617 | 54,829 | 338,786 |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| 8(a) Program | # Small businesses participating at year end | 6,383 | 6,942 | 7,000 | 7,000 | 7,543 | 7,100 | 7,350 | 45,807 |
| | Client success rate 3 years after graduation | 65% | 64% | Not Available | 70% | Not Available | 67% | 70% | 72% |
| | # Business development actions | N/A | N/A | N/A | N/A | N/A | 300 | 315 | 1,658 |
| | Reduced cycle time-screening days | N/A | N/A | N/A | N/A | N/A | 15 | 15 | 75 |
| | Reduced cycle processing days | N/A | N/A | N/A | N/A | N/A | 60 | 60 | 300 |

¹ No funding was requested for this program.

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|---|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 7(j) Program | # of participating small businesses | 694 | 1964 | 605 | 3,000 | 8038 | 4,000 | 4,200 | 22,103 |
| SDB | Applications received | N/A | N/A | 1,105 | 1,132 | 2158 | 1,166 | Not Available | Not Available |
| Busi-nessLinc | Clients served | N/A | N/A | 9,000 | N/A | 3,094 | 2,000 | N/A | N/A |
| HUBZONE | % Fed dollars awarded | 0.30% | 0.72% | 0.71% | 3.0% | Not Available | 3.0% | 3.0% | 3.0% |
| | Number of firms certified at year end. | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| | Yearly number of certified firms | N/A | N/A | 2,786 | 2,200 | 2,338 | 2,200 | 2,200 | 11,000 |
| | Program Examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1,950 |
| | Total Receiving Procurement Assistance | 8,920 | 12,892 | 24,482 | 19,132 | 29,910 | 25,766 | 25,050 | 129,487 |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | Total served | 227,997 | 225,142 | 242,427 | N/A | 266,692 | 254,796 | 272,344 | 527,140 |
| SBDC | Total served | 373,556 | 397,141 | 396,989 | N/A | 381,903 | 392,309 | 547,792 | 940,101 |
| WBC | Total served | 69,944 | 91,023 | 103,280 | N/A | 109,985 | 115,742 | 130,051 | 245,793 |
| | Total Receiving Technical Assistance² | 671,497 | 713,306 | 742,696 | N/A | 758,580 | 762,847 | 950,187 | 1,713,034 |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | Loans approved | N/A | N/A | N/A | N/A | 42,493 | 44,617 | 46,847 | 289,024 |
| 504 Loan Program | Loans approved | N/A | N/A | N/A | N/A | 3,953 | 4,150 | 4,257 | 26,778 |

² Figures used are aggregate totals by gender and racial or ethnical background of clients assisted. As aggregated totals, there is some duplication of data.

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|--------------|----------------|--------------|---------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Microloan Program | Loans approved | N/A | N/A | N/A | N/A | 2,442 | 2,500 | N/A | N/A |
| | # hours of technical assistance | N/A | 118,521 | 124,008 | 105,693 | N/A | 106,382 | N/A | N/A |
| | Total dollar volume (net) | \$24,337 | \$33,470 | \$36,726 | \$31,088 | \$30,366 | \$20,000 | N/A | N/A |
| International Trade | Loans approved | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| New Venture Market Capital | Total financing dollars | N/A | N/A | 500,000 | N/A | \$2.1M | \$8M | \$11M | \$47.1M |
| | Operational assistance | N/A | N/A | 451,544 | N/A | \$1.3M | \$1.9M | \$3.5M | \$10.2M |
| Surety Bonds | Bonds guaranteed | N/A | 1,833 | 2,105 | N/A | 3,381 | 3,350 | 3,725 | 22,984 |
| 8(a) Program | # Small businesses participating at year end | 6,383 | 6,942 | 7,000 | 7,000 | 7,543 | 7,100 | 7,350 | 45,807 |
| | Client success rate 3 years after graduation | 65% | 64% | Not Available | 70% | Not Available | 67% | 70% | 72% |
| | # Business development actions | N/A | N/A | N/A | N/A | N/A | 300 | 315 | 1658 |
| | Reduced cycle time-screening days | N/A | N/A | N/A | N/A | N/A | 15 | 15 | 75 |
| | Reduced cycle processing days | N/A | N/A | N/A | N/A | N/A | 60 | 60 | 300 |
| 7(j) Program | # of participating small businesses | 694 | 1964 | 605 | 3000 | 8,038 | 4000 | 4200 | 22103 |
| SDB | Applications received | N/A | N/A | 1105 | 1132 | 2,158 | 1166 | Not Available | Not Available |
| BUSI-NESSLINC | Clients served | N/A | N/A | 9000 | N/A | 3,094 | 2000 | N/A | N/A |

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| HUBZONE | % Fed dollars awarded | 0.30% | 0.72% | 0.71% | 3.00% | Not Available | 3.00% | 3.00% | 3.00% |
| | Number of firms certified at year end. | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| | Yearly number of firms certified | N/A | N/A | 2,786 | 2,200 | 2,338 | 2,200 | 2,200 | 11,000 |
| | Program examinations | N/A | N/A | N/A | N/A | N/A | 500 | 575 | 1950 |
| SCORE | Clients served | 227,997 | 225,142 | 242,427 | N/A | 266,692 | 254,796 | 272,344 | 527,140 |
| SBDC | Clients served | 373,556 | 397,141 | 396,989 | N/A | 381,903 | 392,309 | 547,792 | 940,101 |
| WBC | Clients served | 69,944 | 91,023 | 103,280 | N/A | 109,985 | 115,742 | 130,051 | 245,793 |
| | Total Receiving Financial Assistance | N/A | 1,833 | 2,105 | N/A | 52,269 | 54,617 | 54,829 | 338,786 |
| | Total Receiving Technical Assistance | 671,497 | 713,306 | 742,696 | N/A | 758,580 | 762,847 | 950,187 | 1,713,034 |
| | Total Receiving Procurement Assistance | 8,920 | 12,892 | 24,482 | 19,132 | 29,910 | 25,766 | 25,050 | 129,487 |

| Program Annual Outcome Measures | | | | | | | | | |
|---|------------------------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|---------------------|
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 2.3.1 By 2008, increase the number of prospective and existing small businesses facing special competitive opportunity gaps (COGs). | | | | | | | | | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | COGs assisted ¹ | N/A | N/A | N/A | N/A | 42,493 | 44,617 | 46,847 | 289,024 |
| 504 Loan Program | COGs assisted | N/A | N/A | N/A | N/A | 3,953 | 4,150 | 4,257 | 26,778 |
| Microloan | COGs assisted | N/A | N/A | N/A | N/A | 2,442 | 2,500 | N/A | N/A |
| International Trade | COGs assisted | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| New Venture Market Capital | COGs assisted | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| SBIC | COGs assisted | N/A | N/A | N/A | N/A | Not Available | N/A | N/A | N/A |
| Surety Bonds | COGs assisted | N/A | 1,833 | 2,105 | N/A | 3,381 | 3,350 | 3,725 | 22,984 |
| | Total COGs Assistance | N/A | 1,833 | 2,105 | N/A | 52,269 | 54,617 | 54,829 | 338,786 |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| 8(a) Program | COGs assisted | 6,383 | 6,942 | 7,000 | 7,000 | 7,543 | 7,100 | 7,350 | 45,807 |
| 7(J) | COGs assisted | 694 | 1,964 | 605 | 3,000 | 8,038 | 4,000 | 4,200 | 22,103 |
| SDB | COGs assisted | N/A | N/A | 1,105 | 1,132 | 2,158 | 1,166 | Not Available | Not Available |
| BUSI-NESSLINC | COGs assisted | N/A | N/A | 9,000 | N/A | 3,094 | 2,000 | N/A | N/A |
| HUBZone | COGs assisted | 1843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61577 |
| | Total COGs | 8,920 | 12,892 | 24,482 | 19,132 | 29,910 | 25,766 | 25,050 | 129,487 |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | COGs assisted | 227,997 | 225,142 | 242,427 | N/A | 266,692 | 254,796 | 272,344 | 527,140 |
| SBDC | COGs assisted | 373,556 | 397,141 | 396,989 | N/A | 381,903 | 392,309 | 547,792 | 940,101 |
| WBC | COGs assisted | 69,944 | 91,023 | 103,280 | N/A | 109,985 | 115,742 | 130,051 | 245,793 |
| | Total COGs Served | 671,497 | 713,306 | 742,696 | N/A | 758,580 | 762,847 | 950,187 | 1,713,034 |

| Program Annual Outcome Measures | | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|------------------|------------------|
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Loan Program | COGs assisted | N/A | N/A | N/A | N/A | 42,493 | 44,617 | 46,847 | 289,024 |
| 504 Loan Program | COGs assisted | N/A | N/A | N/A | N/A | 3,953 | 4,150 | 4,257 | 26,778 |
| Microloans | COGs assisted | N/A | N/A | N/A | N/A | 2,442 | 2,500 | N/A | N/A |
| International Trade | COGs assisted | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| New Venture Market Capital | COGs assisted | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Surety Bonds | COGs assisted | N/A | 1,833 | 2,105 | N/A | 3,381 | 3,350 | 3,725 | 22,984 |
| 8(a) Program | COGs assisted | 6,383 | 6,942 | 7,000 | 7,000 | 7,543 | 7,100 | 7,350 | 45,807 |
| 7(J) | COGs assisted | 694 | 1,964 | 605 | 3,000 | 8,038 | 4,000 | 4,200 | 22,103 |
| SDB | COGs assisted | N/A | N/A | 1,105 | 1,132 | 2,158 | 1,166 | Not Available | Not Available |
| BusinessLinc | COGs assisted | N/A | N/A | 9,000 | N/A | 3,094 | 2,000 | N/A | N/A |
| HUBZone | COGs assisted | 1,843 | 3,986 | 6,772 | 8,000 | 9,077 | 11,500 | 13,500 | 61,577 |
| SCORE | COGs assisted | 227,997 | 225,142 | 242,427 | N/A | 266,692 | 254,796 | 272,344 | 527,140 |
| SBDC | COGs assisted | 373,556 | 397,141 | 396,989 | N/A | 381,903 | 392,309 | 547,792 | 940,101 |
| WBC | COGs assisted | 69,944 | 91,023 | 103,280 | N/A | 109,985 | 115,742 | 130,051 | 245,793 |
| | Total | 680,417 | 728,031 | 769,283 | 19,132 | 840,759 | 843,230 | 1,030,066 | 2,181,307 |

| Program Annual Costs | | | | | | | | | |
|-----------------------------|-------------------------------------|----------------|----------------|----------------|----------------|------------------|------------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$137,228 | \$96,778 | TBD | TBD |
| | Cost Per Loan Made | N/A | N/A | N/A | N/A | \$3,229 | \$2,169 | TBD | TBD |
| | Subsidy Cost (\$000) | N/A | N/A | N/A | N/A | \$69,393 | \$47,176 | TBD | TBD |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | \$35,567 | \$15,962 | TBD | TBD |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | \$29,131 | \$29,643 | TBD | TBD |
| | Lender Oversight (\$000) | N/A | N/A | N/A | N/A | \$3,111 | \$3,915 | TBD | TBD |
| | Asset Sales (\$000) | N/A | N/A | N/A | N/A | \$25 | \$81 | TBD | TBD |
| 504 Loan Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$21,889 | \$17,309 | TBD | TBD |
| | Total cost per loan | N/A | N/A | N/A | N/A | \$5,537 | \$4,171 | TBD | TBD |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | \$15,521 | \$9,668 | TBD | TBD |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | \$5,414 | \$6,154 | TBD | TBD |
| | Lender Oversight (\$000) | N/A | N/A | N/A | N/A | \$946 | \$1,457 | TBD | TBD |
| | Asset Sales (\$000) | N/A | N/A | N/A | N/A | \$7 | \$30 | TBD | TBD |
| Microloans Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$24,955 | \$14,183 | N/A | N/A |
| | Total cost per loan | N/A | N/A | N/A | N/A | \$10,219 | \$5,673 | N/A | N/A |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | \$2,243 | \$260 | N/A | N/A |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | \$3,708 | \$280 | TBD | TBD |
| | Loan Subsidy (\$000) | N/A | N/A | N/A | N/A | \$3,878 | \$1,304 | N/A | N/A |
| | Tech Assistance (\$000) | N/A | N/A | N/A | N/A | \$15,126 | \$12,339 | N/A | N/A |
| New Markets Venture Capital | Total Cost (\$000) | N/A | N/A | \$5,152 | \$1,786 | \$12,626 | \$1,519 | TBD | TBD |
| SBIC | Total cost per financing | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total Cost (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| Surety Bond | Total Cost (\$000) | N/A | N/A | N/A | N/A | \$1,381 | \$2,039 | TBD | TBD |
| | Cost per Bond Guarantee | N/A | N/A | N/A | N/A | \$408 | \$609 | TBD | TBD |
| | Total Capital Access (\$000) | N/A | N/A | \$5,152 | \$1,786 | \$198,079 | \$131,829 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| GOVERNMENT CONTRACTING AND BUSINESS DEVELOPMENT | | | | | | | | | |
| 8(a) Program | Total Cost (\$000) | \$31,741 | \$33,093 | \$42,434 | \$40,115 | \$33,375 | \$47,363 | TBD | TBD |
| | Cost Per Firm | \$4,973 | \$4,767 | \$6,062 | \$5,731 | \$4,425 | \$6,671 | TBD | TBD |
| | Field Support (\$000) | \$31,741 | \$33,093 | \$42,434 | \$40,115 | \$33,375 | \$47,363 | TBD | TBD |
| 7(j) Program | Total Cost (\$000) | \$1,499 | \$7,323 | \$4,534 | \$8,879 | \$2,803 | \$5,109 | TBD | TBD |
| | Cost per participant | \$2,160 | \$3,729 | \$7,494 | \$2,960 | \$349 | \$1,277 | TBD | TBD |
| SDB | Total Cost (\$000) | \$9,088 | \$3,239 | \$4,003 | 3,598 | 4,750 | 4,750 | TBD | TBD |
| | Total cost per application | N/A | N/A | \$3,623 | \$3,178 | \$2,201 | \$4,074 | TBD | TBD |
| BUSI-NESSLINC | Total Cost (\$000) | \$596 | \$9,217 | \$2,110 | 310 | \$1,918 | 280 | TBD | TBD |
| | Cost per Client Served | N/A | N/A | \$234 | N/A | \$620 | \$140 | TBD | TBD |
| HUBZone | Total cost (\$000) | \$6,042 | \$5,804 | \$6,539 | \$3,543 | \$5,648 | \$7,550 | TBD | TBD |
| | Cost per Firm | \$3,278 | \$1,456 | \$966 | \$443 | \$622 | \$657 | TBD | TBD |
| | Total Gov Contr/ Bus Development (\$000) | \$39,878 | \$55,437 | \$55,617 | \$52,847 | \$43,744 | \$60,302 | TBD | TBD |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | Total Cost (\$000) | \$5,914 | \$6,882 | \$7,307 | N/A | \$6,360 | \$7,249 | TBD | TBD |
| | Cost per client served | \$26 | \$31 | \$30 | N/A | \$24 | \$28 | TBD | TBD |
| SBDC | Total Cost (\$000) | \$60,345 | \$65,355 | \$61,020 | N/A | \$51,251 | \$55,043 | TBD | TBD |
| | Cost per client served | \$162 | \$165 | \$154 | N/A | \$134 | \$140 | | |
| WBC | Total Cost (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Cost per client served | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total Entrepreneurial Development (\$000) | \$66,259 | \$72,237 | \$68,328 | N/A | \$57,612 | \$62,293 | TBD | TBD |
| DISTRICT OFFICES | | | | | | | | | |
| 7(a) Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | 120,918 | 83,337 | TBD | TBD |
| | Cost Per Loan | N/A | N/A | N/A | N/A | \$2,846 | \$1,868 | TBD | TBD |
| | Subsidy Cost (\$000) | N/A | N/A | N/A | N/A | 69,393 | 47,176 | TBD | TBD |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | 27,708 | 12,348 | TBD | TBD |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | 22,849 | 21,912 | TBD | TBD |
| | Lender Oversight (\$000) | N/A | N/A | N/A | N/A | 955 | 1,883 | TBD | TBD |
| | Asset Sales (\$000) | N/A | N/A | N/A | N/A | 13 | 18 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|---|---|----------------|----------------|----------------|---------------|----------------|---------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 504 Loan Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | 13,989 | 13,061 | TBD | TBD |
| | Total cost per loan | N/A | N/A | N/A | N/A | \$3,539 | \$3,147 | TBD | TBD |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | 12,017 | 7,678 | TBD | TBD |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | 1,678 | 4,676 | TBD | TBD |
| | Lender Oversight (\$000) | N/A | N/A | N/A | N/A | 290 | 701 | TBD | TBD |
| | Asset Sales (\$000) | N/A | N/A | N/A | N/A | 3 | 7 | TBD | TBD |
| Microloan Program | Total Cost (\$000) | N/A | N/A | N/A | N/A | 1,438 | 379 | N/A | N/A |
| | Total cost per loan | N/A | N/A | N/A | N/A | \$589 | \$152 | N/A | N/A |
| | Loan Making (\$000) | N/A | N/A | N/A | N/A | 1,058 | 7 | N/A | N/A |
| | Loan Servicing (\$000) | N/A | N/A | N/A | N/A | 198 | 7 | TBD | N/A |
| | Loan Subsidy (\$000) | N/A | N/A | N/A | N/A | 0 | 35 | N/A | N/A |
| | Tech Assistance (\$000) | N/A | N/A | N/A | N/A | 182 | 330 | N/A | N/A |
| New Markets Venture Capital | Total Cost (\$000) | N/A | N/A | N/A | N/A | 107 | 266 | TBD | TBD |
| | Total cost per financing | N/A | N/A | N/A | N/A | \$2.51 | \$5.97 | TBD | TBD |
| Surety Bond | Total Cost (\$000) | N/A | N/A | N/A | N/A | 658 | 966 | TBD | TBD |
| | Cost per Surety Bond | N/A | N/A | N/A | N/A | 195 | N/A | TBD | TBD |
| | Total Capital Access (\$000) | N/A | N/A | N/A | N/A | 137,109 | 98,009 | TBD | TBD |
| Government Contracting and Business Development | | | | | | | | | |
| 8(a) Program | Total Cost (\$000) | 24,581 | 19,202 | 27,078 | 26,872 | 22,171 | 29,739 | TBD | TBD |
| | Cost Per Firm | \$3,851 | \$2,766 | \$3,868 | \$3,839 | \$2,939 | \$4,189 | TBD | TBD |
| | Field Support (\$000) | 24,581 | 19,202 | 27,078 | 26,872 | 22,171 | 29,739 | TBD | TBD |
| 7(j) Program | Total Cost (\$000) | 799 | 2,278 | 593 | 671 | 350 | 668 | TBD | TBD |
| | Cost per participant | \$1,151 | \$1,160 | \$980 | \$224 | \$44 | \$167 | TBD | TBD |
| | Total Cost (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total cost per application | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| BUSI-NESSLINC | Total Cost (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Cost per Client Served | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| HUBZone | Total cost (\$000) | 2,471 | 1,763 | 2,837 | N/A | 2,657 | 3,097 | TBD | TBD |
| | Cost per Firm | \$1,341 | \$442 | \$419 | N/A | \$293 | \$269 | TBD | TBD |
| | Total Gov Contr/ Bus Development (\$000) | 27,851 | 23,243 | 30,508 | 27,543 | 25,178 | 33,504 | TBD | TBD |

| Program Annual Costs | | | | | | | | | |
|-----------------------------|--|----------------|----------------|----------------|--------------|----------------|---------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| ENTREPRENEURIAL DEVELOPMENT | | | | | | | | | |
| SCORE | Total Cost (\$000) | 3,571 | 3,994 | 4,023 | N/A | 3,585 | 3,842 | TBD | TBD |
| | Cost per client served | \$16 | \$18 | \$17 | N/A | \$13 | \$15 | TBD | TBD |
| SBDC | Total Cost (\$000) | 38,693 | 42,574 | 37,179 | N/A | 28,317 | 30,953 | TBD | TBD |
| | Cost per client served | \$104 | \$107 | \$94 | N/A | \$74 | \$79 | TBD | TBD |
| WBC | Total Cost (\$000) | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Cost per client served | N/A | N/A | N/A | N/A | N/A | N/A | TBD | TBD |
| | Total Entrepreneurial Development (\$000) | 42,264 | 46,568 | 41,202 | N/A | 31,902 | 34,795 | TBD | TBD |

Discontinued Performance Indicators

The following performance indicators have been discontinued, primarily because the Agency no longer measures program performance by goaling for these groups at individual levels. However, by collecting information on underserved and place-based markets, the Agency still has the capacity to track the level of programs and services that is provided to or accessed by each of these groups. They are being reported in compliance with OMB Circular A-11.

| Results and Resources | | | | | | | | | |
|-------------------------------------|---|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|-----|
| Discontinued Performance Indicators | | | | | | | | | |
| Program Annual Output Measures | | | | | | | | | |
| SBA Programs | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal | |
| CAPITAL ACCESS | | | | | | | | | |
| 7(a) Loan Program | Loans to 51% Emerging Market Firms | N/A | N/A | N/A | 31,230 | N/A | N/A | N/A | N/A |
| | Loans to 51% Minority -Owned | 11,234 | 10,900 | 13,474 | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Women Owned | 9,216 | 9,012 | 10,360 | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Veteran-Owned Firms | 4,810 | 4,690 | 5,438 | 5,438 | N/A | N/A | N/A | N/A |
| | Increase % of Bonds | 26% | 29% | 29% | | N/A | N/A | N/A | N/A |
| 504 Loan Program | Loans to TEAM firms approved | 3,640 | 4,235 | 4,491 | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Emerging Market Firms | N/A | N/A | N/A | 2,020 | 4,305 | N/A | N/A | N/A |
| | Loans to 51% Minority -Owned | 893 | 1,110 | 1,114 | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Women Owned | 717 | 974 | 919 | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Vet-eran-Own Firms | 407 | 409 | 437 | 604 | 495 | N/A | N/A | N/A |
| Microloan Program | Loans to TEAM firms approved | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | Loans to 51% Vet-eran-Own Firms | N/A | N/A | 170 | 151 | N/A | N/A | N/A | N/A |
| Surety Bonds | Increase % of bonds to emerging markets | 26% | 29% | 29% | N/A | N/A | N/A | N/A | N/A |

Office of Government Contracting and Business Development Discontinued Performance Indicators

7(j): The SBA is eliminating a customer satisfaction measurement for the 7(j) Program, because it has proven impossible to collect relevant data under grant and contract award instruments. In its place, the Agency will report the number of clients served.

PRO-Net: The SBA will no longer report outputs for PRO-Net because, under the President's Management Agenda for Electronic Government through an Integrated Acquisition Environment, the database will be essentially subsumed into the Central Contractor Registration (CCR) and its successor, the Business Partners Network (BPN). PRO-Net will support CCR/BPN by becoming the certification database for procurement preference programs over which SBA has cognizance, and by performing the calculus for determining small business status for CCR/BPN, based on revenue and employment information entered into CCR/BPN.

| Results and Resources Discontinued Performance Indicators | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|--------------|--------------|---------------------|
| Program Annual Output Measures | | | | | | | | | |
| SBA Programs | Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| GOV CONTRACTING/BUSINESS DEVELOPMENT | | | | | | | | | |
| 7(j) Program | Customer Satisfaction | N/A | N/A | N/A | N/A | 75% | N/A | N/A | N/A |
| PRO-NET | Number of Firms Registered | 204,148 | 212,300 | 178,516 | 165,000 | N/A | N/A | N/A | N/A |
| | Average Hits/Visits Per Week | 29,146 | 29,840 | 21,321 | 21,500 | N/A | N/A | N/A | N/A |
| | Total Receiving Procurement Assistance | 204,148 | 212,300 | 178,516 | 165,000 | N/A | N/A | N/A | N/A |

Programs Performance and Cost to Achieve Results

Office of Capital Access

The OCA worked hard to encourage increases over FY 2002 accomplishments in lending to markets that are underserved. In the contracting arena approximately 3381 bonds, corresponding to 38% of the numbers of bonds guaranteed were on behalf of minority owned small businesses. The following table shows the combined 7(a) and 504 loans percentage increase at the end of September 2003:

| | |
|------------------|------|
| African American | 75% |
| Asian | 31% |
| Hispanic | 43% |
| Native American | 24% |
| Veterans | 23% |
| Women | 37% |
| Rural | 112% |

The distribution of the various loan programs among the various groups that are track as part of the competitive opportunity gaps category was as follows:

| Loan Program | Rural | Women | Veteran | African American | Hispanic | Asian | Native American |
|--------------|--------|--------|---------|------------------|----------|-------|-----------------|
| 7(a) | 13,434 | 14,328 | 6,752 | 3,627 | 5,596 | 8,726 | 746 |
| 504 | 1,782 | 1,165 | 511 | 142 | 515 | 777 | 46 |
| Microloans | 912 | 191 | 175 | 751 | 380 | 85 | 31 |
| Total | 16,128 | 15,684 | 7,438 | 4,520 | 6,491 | 9,588 | 823 |

Rural Loans by Loan Program Existing & Start-Up Firms

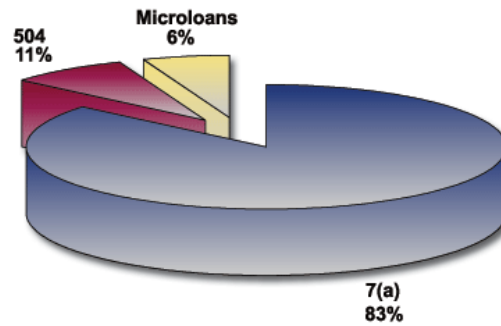


Figure 34. Rural Loans by Loan Program, Existing & Start-Up Firms

Loans to Women by Loan Program Existing & Start-Up Firms

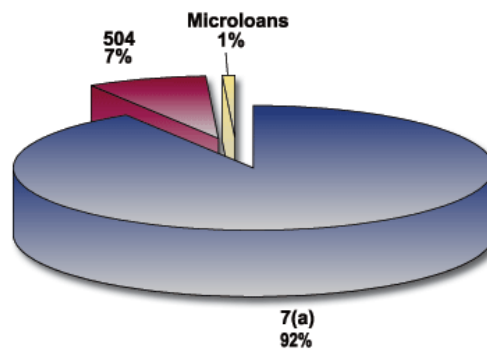


Figure 35. Loans to Women by Loan Program, Existing & Start-Up Firms

Loans to Veterans by Loan Program Existing & Start-Up Firms

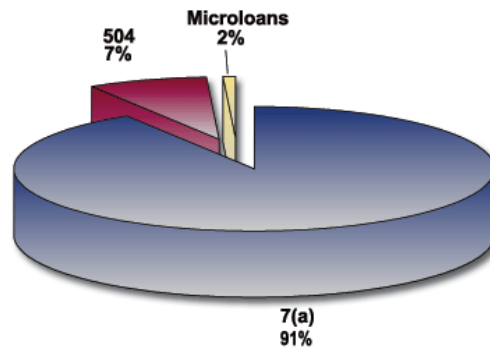


Figure 36. Loans to Veterans by Loan Program, Existing & Start-Up Firms

Loans to African Americans by Loan Program Existing & Start-Up Firms

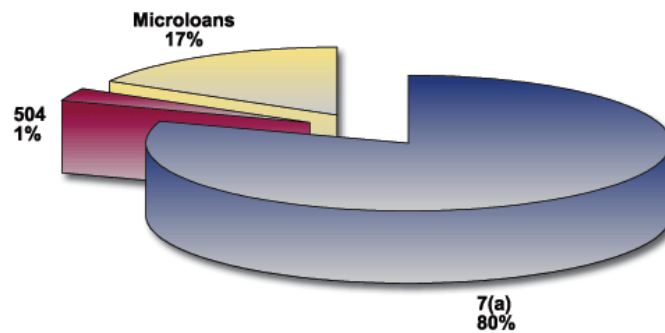


Figure 37. Loans to African Americans by Loan Program, Existing & Start-Up Firms

Loans to Hispanics by Loan Program Existing & Start-Up Firms

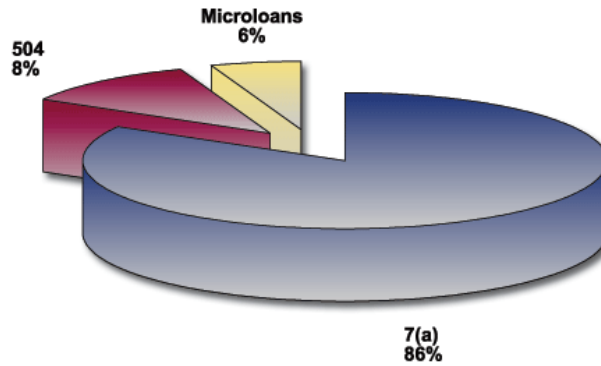


Figure 38. Loans to Hispanics by Loan Program, Existing & Start-Up Firms

Loans to Asians by Loan Program Existing & Start-Up Firms

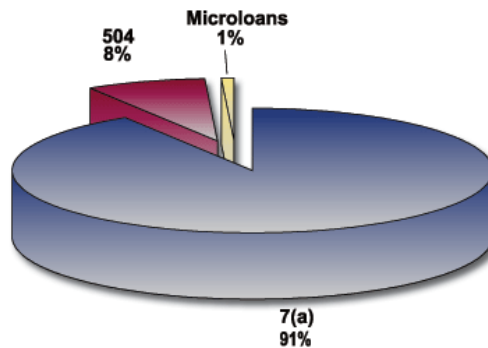


Figure 39. Loans to Asians by Loan Program, Existing & Start-Up Firms

Loans to Native Americans by Loan Program Existing & Start-Up Firms

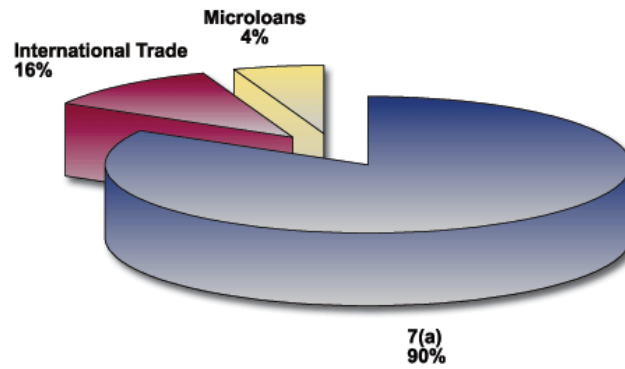


Figure 40. Loans to Native Americans by Loan Program, Existing & Start-Up Firms

During FY 2003, the various groups considered competitive opportunity gap firms were assisted by the International Trade program as follows:

| Program | African American | Hispanic | Asian | Native American | Non Minority | Total |
|---------------------|------------------|----------|-------|-----------------|--------------|-------|
| International Trade | 57 | 162 | 277 | 29 | 948 | 1,473 |

International Trade Loans

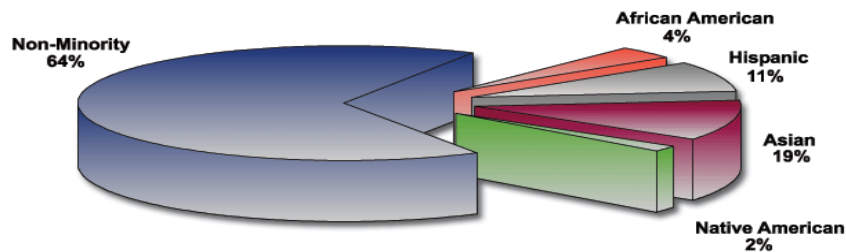


Figure 41. International Trade Loans, by Competitive Gap Group

The New Market Venture Capital program (NMVC) was authorized in December, 2001, the SBA created and launched this program in less than six months. Seven funds were conditionally approved in a competitive process to provide equity capital to smaller businesses in Low-Income (LI) Areas. The program was designed to focus access to venture capital in these low income areas, whether urban or rural. The other unique aspect of the NMVC program is the availability of funding to provide hands-on Operational Assistance at no cost to smaller business that would not otherwise qualify for investment. The focus of the program is therefore geographic but each of the funds set goals and reports on minority and women employment and other involvement.

Despite the collapse of the venture capital market and the adverse climate for raising capital in late 2001 and 2002, six of the seven funds raised their equity capital funds and matching Operational Assistance resources by mid -2003. The NMVC program is therefore making available a total of \$149 million including \$62.4 million of non-Federal funding oriented to LI Areas in some fifteen states. Through Federal FY 2003, the funds have made a total of \$2.1 million in investments and disbursed some \$1.3 million in Operational Assistance to smaller businesses in these LI Areas. This dollar amount reflects a total of 6 investments made by all NMVCCs, of which 2 were made in minority and/or women-owned businesses equivalent to \$450 thousand.

Office of Entrepreneurial Development

Although the OED programs serve all market sectors, they are increasingly focused on programs to assist such groups as women, minorities and Native Americans. For example, 28 percent of SCORE clients were women and 24 percent were minorities. In the SBDC program, 41 percent of its clients were women and 34 percent were minorities. While the WBC program primarily serves women clients, about 23% of those served are minorities. Long-term goals have been set which will increase the minority percentage to the 40% mark by FY 2008.

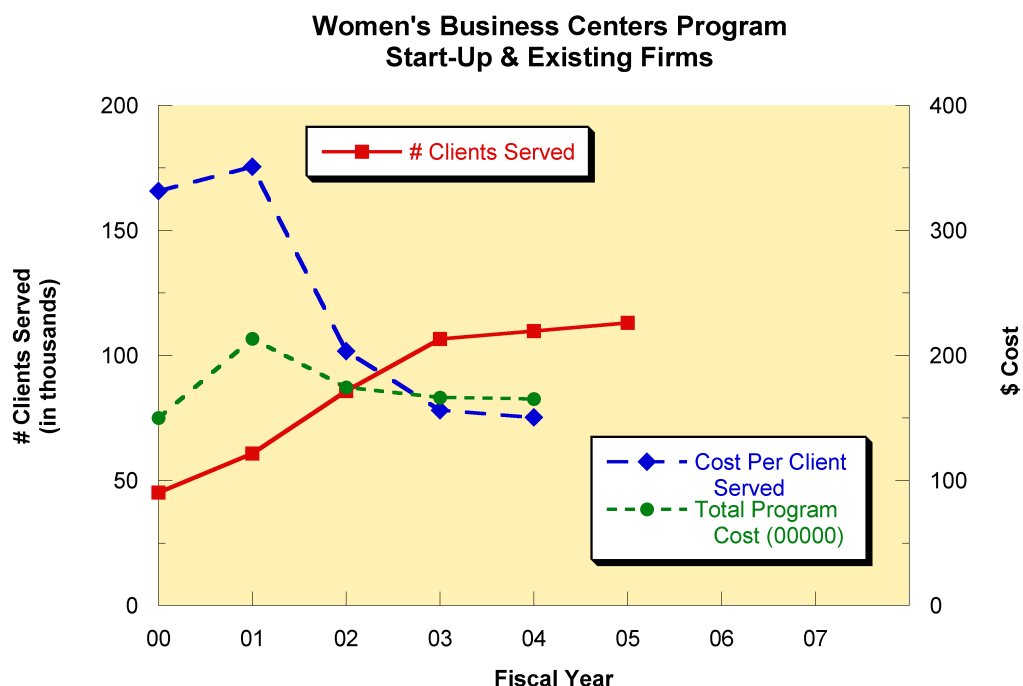


Figure 41. Women's Business Centers Program, Start-Up & Existing Firms

To meet the needs of an increasingly diverse clientele, in FY 2003, OWBO worked to increase the number of pages of Spanish language materials from 400 to more than 650. This Web site is currently available in 9 languages including Spanish, Chinese, Arabic, Japanese, Icelandic, Albanian, Russian, French and English and provides more than 2500 pages of information on starting and growing a business. As a result of providing information in a variety of languages, the SBA Online Women's Business Center has been able to reach more than 30,000 visitors each week

In FY 2003, the OED initiated a new Native American program working closely with American Indian tribal governments, tribal colleges, Indian organizations, other Federal agencies and the private sector to supplement and support the Indian nations' plan for economic stimulus in Indian country. The SBA's initiative was developed in consultation with tribal leaders from several areas of the country. It was comprised of several major components. They included: 1) Continuing consultation with tribal governments, 2) Participating in national and regional tribal sponsored economic development meetings, 3) Working with tribal colleges and Indian organizations to better utilize technology to develop and provide more accessible training for Native American small business owners, 4) Promoting Native American participation in existing SBA programs like the Womens Business Center programs and SCORE, and 5) Implementing an advertising campaign geared toward Native American entrepreneurs to publicize the availability of SBA programs. The Office issued a number of contracts to deliver improved services to the Native American community which will be further implemented in FY 2004

Office of Government Contracting And Business Development

8(a) firms are key contributors to job growth, and employ, on average, 26 persons per company. By contrast, the national average for non-8(a) small businesses is only two persons per firm. Additionally, 42% of 8(a) firms are still in business nine years after acceptance into the 8(a) program, compared to only 29% of all small businesses in America.

This year, the Office of Business Development initiated modernization of the 8(a) Business Development Program by streamlining its key processes and adopting an electronic application. This program will enhance efficiency and effectiveness, and ease requirements on small businesses. With the system, the Agency will be able to process a greater number of applications more rapidly and more reliably, with less staffing.

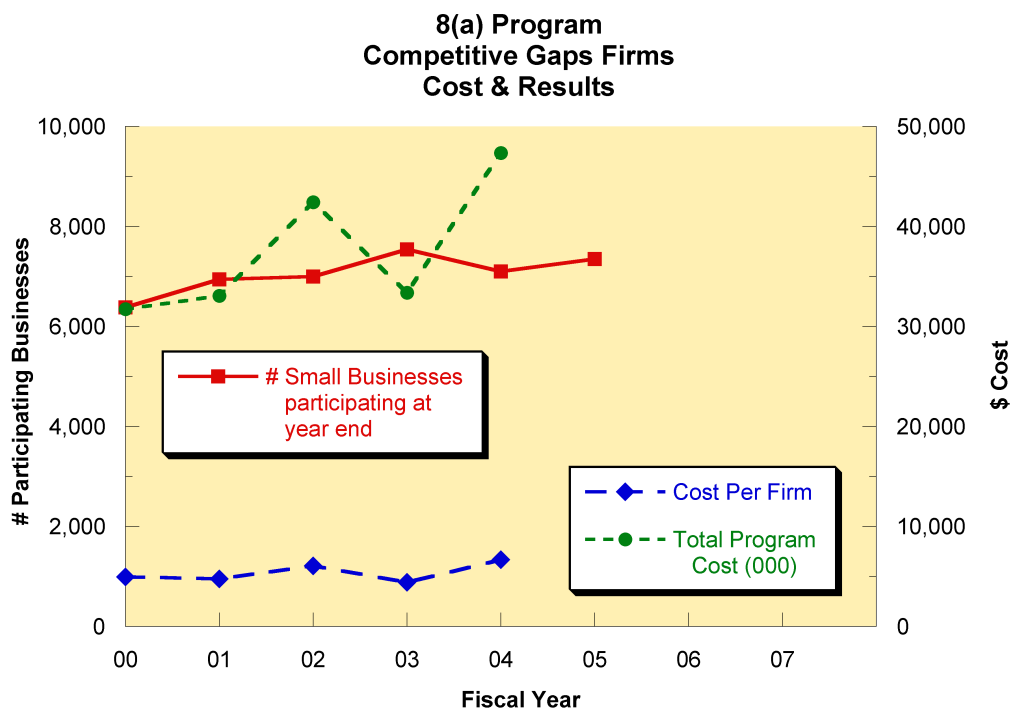


Figure 42. 8(a) Program, Competitive Gaps Firms, Cost & Results

In a parallel effort, the Agency initiated actions to automate and centralize business processes now performed by district office staff. Specifically, the office began to automate the annual review process for program participants. Firms certified for participation in the 8(a) Business Development Program will be able to upload current-year analytical information to the Agency via the Internet. Decision support built into the system will enable the analysts in a central processing center to rapidly and efficiently review submissions, and make recommendations for continued participation or graduation from the program. This initiative will improve the efficiency, reliability, and timeliness of the annual review process, and release district office staff to perform more client-centered work.

In FY 2003, the office developed a CD-ROM-based Procurement Academy to provide distance training to 8(a) Program Participants, other small firms owned and controlled by economically and socially disadvantaged individuals, and small firms located in areas of high unemployment or low income. The Academy addresses business opportunities that exist with the Federal government, strategies for selecting specific products or services to market to the Federal government; managing contracts once they are awarded; and building solid performance records. This training will better prepare firms to enter and succeed long-term in the Federal contracting arena. It will also help them develop the institutional skills that will enable them to transit from the sole-source and limited-competition environment of the 8(a) Program to the fully competitive marketplace.

Other programs that contribute to GCBD efforts to assist the success of competitive opportunity gaps firms are the Small Disadvantage Business Programs and the Business Linc. The charts below show their historical performance and their cost to achieve results.

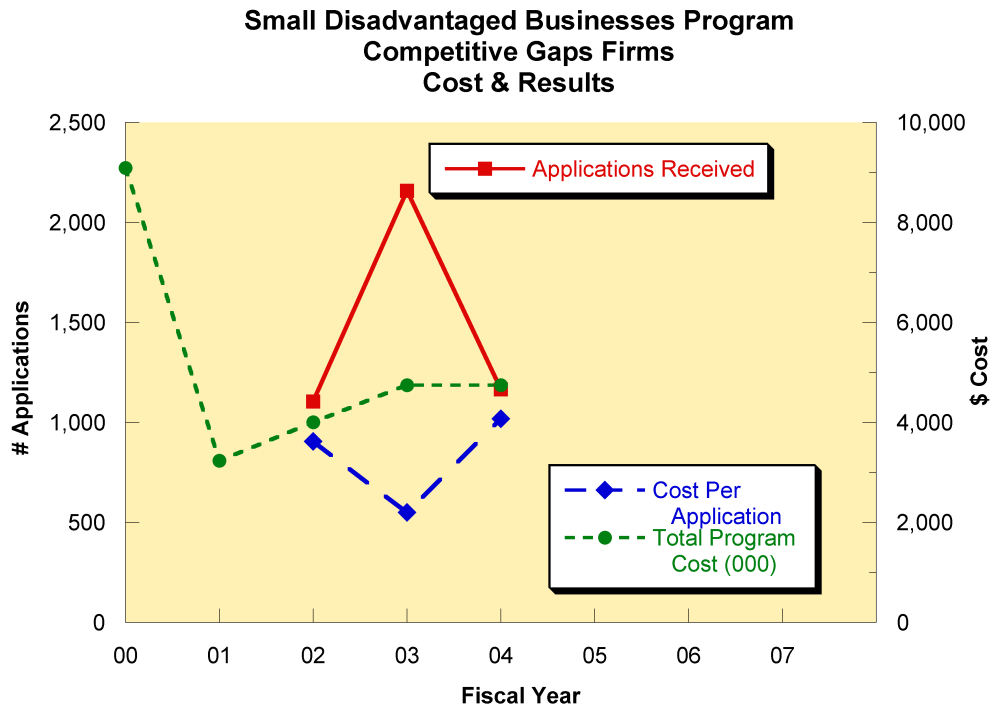


Figure 43. Small Disadvantaged Businesses Program, Competitive Gaps Firms, Cost & Results

Certification of Small Disadvantaged Businesses: The SBA has added a measure, number of firms certified, to reflect activity in certification of small disadvantaged businesses under Economy Act agreements with acquisition agencies

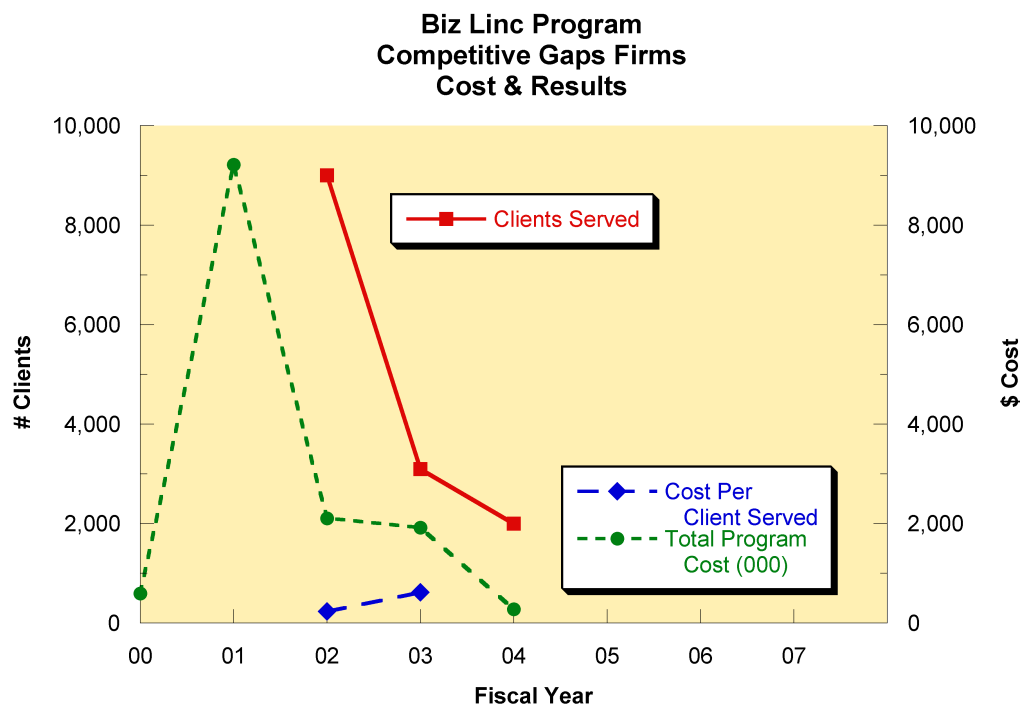


Figure 44. Biz Linc Program, Competitive Gaps Firms, Cost & Results

Office of Veterans Business Development

The Office of Veterans Business Development (OVBD) continued and enhanced its National Outreach Initiative through direct service delivery, through utilization of funding agreements with resource partners, through coordination of outreach and service delivery with other Federal Agency partners, and through development of Agency program initiatives.

Based on our outreach to veterans and to the veterans serving community, the Agency enjoyed the following:

- Veteran's participation increased in Agency Entrepreneurial Development programs, including the Small Business Development Center program, the SCORE program and the Women's Business Center program, and the Native American program.
- Veteran's participation increased in Agency Capitol Access programs by 22%, and with the assistance of Capitol Access, the Agency designed a special lending program targeted to members of the Reserve and National Guard, and to veterans.
- Eligible small business participation more than doubled in the Disaster Assistance MREIDL loan program.
- Veteran's government procurement opportunities increased through increased veteran's participation in the Hub Zone, 8 and Small Disadvantaged Business program.

OVBD established the SBA Reserve and National Guard (R&G) working committee, established the SBA R&G Web page (approximately 140,000 visits since December 2002), and created and distributed approximately 300,000 R&G fact sheets to activated and deactivating members of the Reserve and National Guard. It also produced the R&G post mobilization Business Planning Kit for returning self employed R&G members.

On behalf of the Agency, OVBD made presentations to and strengthened Agency working relationships with the Disabled American Veterans, the Veterans of Foreign Wars, and the American Legion, whose combined membership exceeds 5.7 million members. Through this comprehensive outreach, and through redesigning the Agency web pages and adding additional links for veterans, OVBD increased the total web visits to SBA veteran's pages to more than 3,400,000 in FY 2003.

Through collaborative efforts with the Veterans Corporation, OVBD helped grow the Veterans Entrepreneur Training (VET) program from 3 locations and 75 participants in FY 2002, to 22 locations and more than 500 participants at our cost of \$25,000.

OVBD also developed comprehensive Agency policy paper regarding services for self employed and activated members of the Reserve and National Guard. These policies impacted access to capitol, government procurement and Agency outreach. OVBD also created an e-based business listing service for veterans, service-disabled veterans and self-employed members of the Reserve and National Guard through the Veterans Corporation.

Acting in its ombudsman role, the OVBD provided hands on customer service and guidance to more than 13,000 veterans.

Office of National Women's Business Council

Fiscal year 2003 saw a revitalized National Women's Business Council undertake a variety of new programs and initiatives. During the course of the year, the Council held its two statutorily-mandated public Council meetings – but extended its outreach by inviting the participation of the women's business community at large. As a result, there were over two-dozen attendees at each Council meeting. The Council also held three other public roundtable events: one with the Office of Advocacy and the Office of Women's Business Ownership on the state of women's business research, one on the issue of access to affordable health care, and one on the subject of mentoring for women in business.

The Council also undertook an unprecedented level of research and other programmatic activity in 2003: publishing seven research study reports, two Issue in Brief reports on health care issues and Federal procurement, and four Fact Sheets on the number and growth of women-owned firms – in total and among African American, Asian American and Latina-owned firms. Council staff upgraded the content of its two web sites: nwbc.gov and womenbiz.gov, and established a bimonthly e-newsletter, Engage!. Finally, the Council began a monthly toll-free issues conference call, Women's Business Connection, to inform and engage women business owners on important policy issues. Some of the subjects covered in the calls thus far include: contract anti-bundling efforts, homeland security both from business ownership and procurement opportunities perspectives; mentoring; Federal procurement news and perspectives; and international trade.



PSI Environmental

SBA helps close the competitive gap

Sisters Amie Mahler and Crystal Nygard recognized the need to meet the family business challenges head on when they started PSI Environmental. So they organized their company to focus on the strengths of each and carve out well-defined roles based on those strengths. It seems to be working well, because the company has experienced exponential growth since its inception in 1999.

Mahler and Nygard had worked together for other environmental firms for several years. When their last employer went through a merger, both decided it was time to strike out on their own. "We are both parents, and felt the need for more flexibility," said Mahler. "We had made some important contacts that could serve as a basis for the business." So when they found out that a manufacturer of environmental instruments was looking for an Alaskan representative, they made their move.

In their first year, operating out of their homes, they sold environmental instruments, servicing the needs of other environmental firms. The following year they opened an office and added equipment rentals to their sales lineup. They also started working on their application for **8(a) certification**, a program of the **U.S. Small Business Administration** to help develop companies owned by socially and economically disadvantaged individuals. "We believed that the 8(a) program could help our firm develop skills and capabilities to make us competitive with other environmental firms," said Mahler, "and we wanted to expand our services into government contracting." Through the 8(a) program, PSI built on their environmental strengths, obtaining work as a subcontractor on environmental service contracts. Finally, in their third year, PSI got their first environmental contract as the prime contractor.

Future plans for the company include operations and maintenance of government systems and light civil construction. "We don't want to get stuck in the environmental box," said Mahler. "We think we need to grow to be competitive in non-government work which is not as seasonal."

Mahler cites the SBA's 8(a) program as being critical to the company's development. "The program helped us in learning to delegate and in business plan development," Mahler said. With a ten-fold increase in sales over the four years of PSI's existence, the 8(a) program has also fueled the firm's sales. Winners of the Anchorage Chamber of Commerce Athena Business Award, the sisters have proved that by defining their roles and building on their strengths, a family-owned business can be very successful.

STRATEGIC GOAL THREE

Restore homes and businesses affected by disaster

This strategic goal is intended to measure the effectiveness with which the ODA delivers results from the disaster recovery loans it makes to businesses and homeowners. The SBA works to maintain the nation's economy by restoring the health of the homeowners and businesses that work and live in the economies of areas affected by disaster. SBA's Office of Disaster Assistance (ODA) provides low interest loans to those affected by disasters such as the wildfires in California, Hurricane Isabel and tornadoes in several states this year. The Agency makes disaster loans averaging approximately \$1 billion each year and has an active portfolio of about \$4 billion.⁴⁰ The ODA has completely rewritten its 5-year strategic plan and changed the baselines being measured. The new Strategic Plan was implemented October 1, 2003. As an example, the Customer Satisfaction Survey is now being conducted by an independent firm and the customer service baseline and goals have been adjusted accordingly. These adjustments will create more meaningful baselines and measurements, which the ODA can compare with other Government agencies and/or the private sector as appropriate.

Long-term Objective 3.1

Restoration-Help Restore Homes and Businesses Affected by Disaster.

Annual Results

| Results and Resources | | | | | | | | |
|---|------------------|----------------|----------------|--------------|----------------|--------------|------------------|---------------------|
| SBA Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| SBA Annual Outcome Measures | | | | | | | | |
| 3.1.1 Percentage of small businesses operational 6 months after Economic Injury Disaster Loan (EIDL) disbursement. | N/A ¹ | N/A | N/A | N/A | N/A | 75% | 76% | 80% |
| 3.1.2 Percentage of businesses receiving financial assistance to repair or replace damaged property restored within 6 months of final loan disbursement. | N/A | N/A | N/A | N/A | N/A | 50% | 55% | 70% |
| 3.1.3 Percentage of individuals receiving financial assistance to repair or replace disaster-damaged homes have restored their property within 6 months of final disbursement (Homeowners). SBA Output Measures | N/A | N/A | N/A | N/A | N/A | 70% | 73% | 85% |
| SBA Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| SBA Annual Output Measures | | | | | | | | |
| Applications processed or modified | 106,442 | 158,104 | 88,837 | N/A | 102,278 | N/A | N/A | N/A |
| Number of original loans approved | 28,218 | 48,852 | 21,829 | N/A | 25,856 | N/A | N/A | N/A |
| SBA Annual Cost | | | | | | | | |
| Disaster Assistance (\$000) | \$293,822 | \$277,074 | \$346,723 | \$236,252 | \$270,377 | \$242,638 | TBD ² | TBD |

¹ N/A = Not Applicable

² TBD = To Be Determined

| Program Annual Output Measures | | | | | | | | | |
|--------------------------------|--|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Programs | Output Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Disaster Assistance | Field presence in 3 days | 100% | 100% | 99% | 95% | 100% | 95% | 95% | 95% |
| | Applications processed or modified | 106,442 | 158,104 | 88,837 | N/A | 102,278 | N/A | N/A | N/A |
| | Number of Original Loans Approved | 28,218 | 48,852 | 21,829 | N/A | 25,856 | N/A | N/A | N/A |
| | Initial disbursement in 5 days (all loans) | N/A | N/A | 96% | 95% | 98.90% | 95% | 95% | 95% |
| | Applications processed in 21 days | 91% | 94% | 96% | 85% | 99% | N/A | N/A | N/A |
| | # of days to process 85% of home loan applications | N/A | N/A | N/A | N/A | N/A | 18 | 16 | 10 |
| | # of days to process 85% of business loan applications | N/A | N/A | N/A | N/A | N/A | 20 | 19 | 16 |
| | # of days to process 85% of EIDL loan applications | N/A | N/A | N/A | N/A | N/A | 20 | 19 | 16 |
| | Percentage of Renters restored within 6 months after final disbursement. | N/A | N/A | N/A | N/A | N/A | 80% | 82% | 90% |
| | Mitigation training | N/A | N/A | N/A | N/A | N/A | 100% | 100% | 100% |
| | Increase participation in mitigation | N/A | N/A | N/A | N/A | N/A | 50% | 70% | 100% |
| | Total Applications Processed | 106,442 | 158,104 | 88,837 | N/A | 102,278 | N/A | N/A | N/A |
| | # Original Loans Approved | 28,218 | 48,852 | 21,829 | N/A | 25,856 | N/A | N/A | N/A |

| Program Annual Outcome Measures | | | | | | | | |
|---|----------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Program Outcome Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 3.1.1 Percentage of small businesses operational 6 months after Economic Injury Disaster Loan (EIDL) disbursement. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 75% | 76% | 80% |
| 3.1.2 Percentage of businesses receiving financial assistance to repair or replace damaged property restored within 6 months of final loan disbursement. | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 50% | 55% | 70% |
| 3.1.3 Percentage of individuals receiving financial assistance to repair or replace disaster-damaged homes have restored their property within 6 months of final disbursement (Homeowners). | | | | | | | | |
| | N/A | N/A | N/A | N/A | N/A | 70% | 73% | 85% |

| Program Annual Cost (\$000) ¹ | | | | | | | | | |
|--|---|----------------|----------------|----------------|----------------|----------------|----------------|--------------|---------------------|
| SBA Programs | Cost Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Disaster Assistance | Total Program Cost (\$000) | \$293,822 | \$277,074 | \$346,723 | \$236,252 | \$270,377 | \$242,638 | TBD | TBD |
| | Cost Per Loan Made | \$9,136 | \$4,929 | \$14,267 | N/A | \$9,152 | N/A | TBD | TBD |
| | Disaster Loan Making (\$000) | \$83,929 | \$88,190 | \$94,369 | \$81,093 | \$118,345 | \$102,643 | TBD | TBD |
| | Disaster Loan Servicing (\$000) | \$29,523 | \$29,019 | \$26,495 | \$30,694 | \$31,093 | \$27,285 | TBD | TBD |
| | Loan Subsidy Cost Actual (\$000) ² | \$173,869 | \$152,604 | \$217,055 | \$117,956 | \$118,295 | \$102,009 | TBD | TBD |
| | Asset Sales (\$000) | \$6,501 | \$7,261 | \$8,804 | \$6,509 | \$2,644 | \$10,701 | TBD | TBD |
| | Loan Subsidy Rate ³ | 22.20% | 17.46% | 17.19% | 16.11% | 14.93% | 12.46% | TBD | TBD |
| | Loan Program Level (Net) (\$000) | \$783,184 | \$874,018 | \$1,262,622 | \$732,197 | \$792,099 | \$818,479 | TBD | TBD |
| | Total | 293,822 | 277,074 | 346,723 | 236,252 | 270,377 | 242,638 | TBD | TBD |

¹ FY00 – FY 2003 Goals based on General Ledger balances; FY 2003 Actual – 07 Goal based on Cost Allocation Model Actuals.

² Includes World Trade Center Disaster Funding

³ Blended rate that includes Disaster – Regular and WTC Program

Program Performance and Cost to Achieve Results

During FY 2003, SBA exceeded all of its GPRA ¹ goals were designed to allow the Agency to efficiently restore homes and businesses affected by disaster. Within 3 days of 167 disaster declarations, the ODA successfully established a field presence and began program delivery 100 percent of the time, exceeding the goal of 98 percent. The ODA processed 102,278 original applications with 99 percent being processed within the goal of 21 days exceeding our goal of 85 percent. A total of 25,856 loans were approved for \$835.5 million. All of this was achieved while exceeding the 95 percent underwriting compliance rate by 1 percent. In addition to timely processing of applications, the ODA focused on closing loans and making initial disbursements which resulted in 98 percent of all initial disbursements being made within five days of receiving the necessary closing documents.

To maximize the ODA's ability to achieve its mission of restoring home and businesses affected by disaster through the use of a comprehensive performance management system, the ODA developed a five-year strategic plan. This was a significant accomplishment this fiscal year. The plan linked its goals, objectives and management strategies to SBA strategic plan, outlined a new mission statement and set forth a vision for the future. Federal Consulting Group, a franchise of the U. S. Department of Treasury and the Canal Bridge Consulting Group, assisted the ODA in establishing immediate and long term goals for the organization at the management level, including both programmatic goals and strategic management goals.

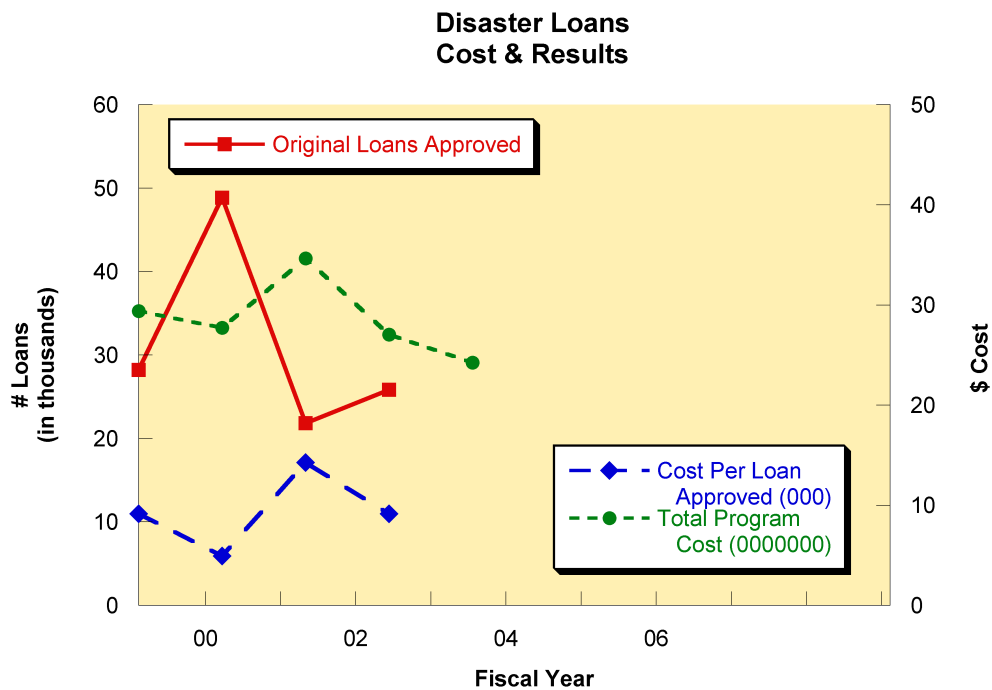


Figure 45. Disaster Loans, Cost & Results

| ¹ GPRA Performance Indicator | Goal | Actual |
|---|------|--------|
| Field presence in 3 days | 98% | 100% |
| Underwriting Compliance Rate | 95% | 96% |
| Loans processed in 21 days | 85% | 99% |
| Initial disbursements in 5 days | 95% | 98% |

In FY 2003, the ODA updated the first program-wide loss verification training manual and cost guidelines that continue to bring a great deal of uniformity to estimating the cost to repair and/or replace disaster damaged property throughout the country. It has also made it much easier to use loss verifiers from around the country since each Area Office is now using the same approach and training materials. The ODA also continued to refine and improve upon the expedited home loan process which uses consumer credit scores to streamline the process. This approach has enabled the ODA to process approximately 15 percent of all home loans in an average of about 30 minutes compared to the regular process of 2 hours. The ODA has developed and pilot tested an expedited process for processing business loans to improve productivity.

The ODA continued to devote resources and time to assist the Federal Emergency Management Agency (FEMA) in developing the website disasterhelp.gov. While this effort involved over twenty different Federal agencies, with FEMA designated as the lead, SBA's ODA has consistently been one of the few agencies that have provided support to this effort.

During FY 2003, the ODA completed all the required planning for acquisition of the Disaster Credit Management System (DCMS), a new information technology system that will allow it to streamline, enhance and improve the loan-making process. It will replace multiple systems that currently support disaster operations. This system will impact FEMA and the IRS. It will allow the ODA to retrieve duplication of benefit information from FEMA faster. When fully realized, it will also provide a faster link with the IRS and allow for easier retrieval of Federal tax information. The DCMS will change the type of computer systems used by the ODA, as well as streamline procedures for both processing and closing SBA Disaster Loans. It will reduce the amount of paperwork required for a loan, and should reduce the number of staff necessary to fulfill the loan-making and closing processes. The DCMS will also allow disaster loans to be processed and closed from virtually any location in the United States, thereby reducing travel costs. It will play a significant role in the ODA meeting its goals under the Strategic Plan and allowing the ODA to meet outcome and performance goals more quickly while using fewer resources.



SHEN'S CORPORATION

Business survives and thrives with SBA help

Operating a dealership that sells BMWs might sound easy, but that's not the case if you're located on Guam. Ask John C. J. Shen, owner and president of Prestige Automobiles. Ninety percent of his dealership's new car inventory was damaged by Super typhoon Paka in 1997, just three years after Prestige marked its first profit-making year.

But Paka and other struggles along the way to Prestige's maturity helped the dealership bounce back -- in part with the help of SBA's disaster assistance loan program -- as a sturdier business when Guam weathered other challenges as recent as Super typhoon Pongsona. Prestige's survival from a host of man-made challenges and natural disasters earned the business's owner the U.S. Small Business Administration's Small Business Person of the Year award for Guam this year.

"Guam taught me the true meaning of resilience," Shen said "Throughout the years, I have watched people's homes destroyed by super typhoons and earthquakes while the ailing economy brought down businesses," he said. He and wife Jenny struggled for years running a variety of small businesses -- from importing sunglasses to selling car audio equipment to opening a store for auto accessories.

In 1991, Shen saw an opportunity to secure the BMW dealership on Guam after the previous dealer closed shop. Shen's dealership later expanded to include the Land Rover brand. A large SBA-guaranteed business loan through Citizens Security Bank enabled the dealership to expand into a bright, sparkling new showroom in Yigo that is cost-effective and efficiently designed, according to Wong. Shen started with seven employees and now has 22, with expectations for more staff when he adds another line of autos to his product mix this year, according to Wong.

Source: SHEN'S CORPORATION Wins SBA Award, by Gaynor Dumat-ol Daleno, Pacific Daily News

¹ N/A = Not Applicable

Long-term Objective 3.2

Provide courteous and professional customer service.

Annual Results

| Results and Resources | | | | | | | | | |
|---|---|------------------|----------------|----------------|--------------|----------------|--------------|--------------|---------------------|
| SBA Annual Outcome Measures | | | | | | | | | |
| SBA Outcome Measures | | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 3.2.1 Provide courteous, professional and customer friendly disaster program delivery to loan applicants as measured by ACSI. | | N/A ¹ | N/A | N/A | N/A | N/A | 70.00% | 70.50% | 72.20% |
| SBA Annual Output Measures | | | | | | | | | |
| SBA Output Measures | | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| 3.2.1 Provide courteous, professional and customer friendly disaster program delivery to loan applicants as measured by ACSI. | | N/A | N/A | N/A | N/A | N/A | 70.00% | 70.50% | 72.20% |
| Program Annual Output Measures | | | | | | | | | |
| SBA Programs | Ouput Measures | FY 2000 Actual | FY 2001 Actual | FY 2002 Actual | FY 2003 Goal | FY 2003 Actual | FY 2004 Goal | FY 2005 Goal | FY 2003 - 2007 Goal |
| Disaster Loan Making | 3.2.1 Provide courteous, professional and customer friendly disaster program delivery to loan applicants as measured by ACSI. | N/A | N/A | N/A | N/A | N/A | 70.00% | 70.50% | 72.20% |
| | Total | N/A | N/A | N/A | N/A | N/A | 70.00% | 70.50% | 72.20% |

Costs to Achieve Results

All cost associated with the Office of Disaster Assistance program were allocated to Long-Term Objective 3.1.

Discussion of Program Performance in FY 2003

ODA developed a strategy to provide an accurate accounting of the results of SBA's Disaster program delivery. ODA partnered with the Federal Consulting Group and the American Customer Satisfaction Index (ACSI), which is associated with the University of Michigan Business School, to measure its customer satisfaction rate by surveying approved and declined disaster loan applicants. ACSI assisted the Office of Disaster Assistance to (1) develop the most relevant empirical data available to establish valid baselines; (2) develop the survey format, questions and methodology so that the survey document accurately measures results of the SBA's Disaster Program goals and outcomes; and (3) independently compile and report the results of the survey.

STRATEGIC GOAL FOUR

Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services.

This goal measures the successful leadership and support services our administrative functions provide to maximize the efficiency and effectiveness of SBA in achieving its programmatic goals as reflected in Strategic Goals One, Two and Three, while also complying with relevant statutory and administrative mandates. The Office of Human Capital Management contributed to the goal by assisting Agency managers and executives in recruiting, sustaining and effectively deploying a skilled, knowledgeable, diverse and high-performing workforce and executive cadre capable of executing high quality programs and activities that meet the current and emerging need of the Agency. The Office of the Chief Financial Officers contributed by providing financial management systems to support both strategic management and financial accountability by providing financial information that is useful, relevant, timely and accurate and which assists in maximizing program performance and accountability. This office also took the lead in strategic planning, performance reporting, and internal controls. The Office of the Chief Information Officer contributed to this goal by ensuring technology is managed effectively and securely by leveraging data and systems to support program execution. This includes ensuring optimal infrastructure, equipment, technology and customer support. The Office of Management and Administration contributed to goal by planning and managing procurement and contracting services to support program management and streamlining competition to introduce private sector competition to certain activities performed by the Agency.



UWAJIMAYA

Local small business grows through the years with SBA by its side

Uwajimaya is a name familiar to many in the Pacific Northwest. The largest Asian grocery and gift market in the Pacific Northwest, Uwajimaya is one of the top 100 privately held companies in Washington State.

The store started in Tacoma, Washington in 1928 when Fujimatsu Moriguchi sold fresh fish cakes and groceries from the back of his truck to Japanese laborers working in logging and fishing camps. He named his business Uwajimaya, after the town in Japan where he learned his trade. ("Ya" is "store" in Japanese.)

Akira Moguchi, president and chief operating officer of Uwajimaya, has been an owner of Uwajimaya since 1961 when his father gave each of his four sons 25 percent of the business. In 1965 the business was incorporated and the three sisters also assumed ownership.

After the United States entered World War II the Moriguchis were sent to an internment camp in California. After the war the family relocated to Seattle and opened a retail store and fish cake manufacturing company. Today Uwajimaya includes wholesale, food processing, food service, export divisions, and retail locations in Seattle, Bellevue, and Beaverton, Oregon.

The Seattle World's Fair in 1962 helped increase Uwajimaya's popularity. "My dad had already pushed us to go beyond the Japanese market," said Moriguchi. "He had an appreciation for all ethnic groups, particularly Asian."

Twice Uwajimaya has turned to the **SBA for small business loans**. In 1968 Uwajimaya received a \$50,000 7(a) guaranteed loan; in 1974 Uwajimaya received a \$225,000 7(a) guaranteed loan.

The opening of Uwajimaya Inc.'s Asian grocery store at Uwajimaya Village complex in the International District of Seattle in October 2001 helped the company increase sales from \$75 million in 2000 to \$88 million in 2001. This year Uwajimaya estimates that it will reach \$95 million, about half of that from its retail stores.

Long-term Objective 4.1

SBA's general planning and management will result in clearly defined goals and effective strategies, and the coordination of operational support systems, so as to maximize the Agency's mission performance through a comprehensive performance management system.

Annual Results

This is a new long-term objective identified in the SBA strategic plan which was developed at the end of FY 2003. Results, related costs and discussion of performance are not available for this year.

Long-term Objective 4.2

SBA will recruit, sustain and effectively deploy a skilled, knowledgeable, diverse and high-performing workforce and executive cadre capable of executing high quality programs and activities that meet the current and emerging needs of its customers.

Annual Results

This is a new long-term objective identified in the SBA strategic plan which was developed at the end of FY 2003. Results and related costs are not available for this year.

Discussion of Program Performance in FY 2003

To achieve its strategic management of human capital goal, in FY 2002, SBA developed a human capital plan and a transformation plan. Due to their nature, and the economic realities the Agency faces, they are both flexible and updated based on experience gained and availability of funds for their implementation. The Human Capital Plan is structured along the lines of the Human Capital Assessment and Accountability Framework released jointly by OMB, GAO and OPM. The President's Management Agenda Scorecard on the strategic management of human capital has rated SBA GREEN on progress since the third quarter of FY 2002. SBA's rating on the current status was upgraded to YELLOW for the third quarter of FY 2003, and the Agency is committed to reaching GREEN on status in FY 2004. To date, no Federal Agency has achieved that distinction.

In support of the transformation plan, SBA analyzed its organizational structure, considered various options including competitive sourcing, and implementing changes to optimize its organizational structure. SBA is reengineering its business processes for greater efficiency and effectiveness in delivering its programs to more of the nation's small businesses. In 2003, SBA contracted with the Office of Personnel Management's (OPM) San Francisco Service Center to conduct an Agency-wide skills/gap analysis.

Phase I, which was completed in June 2003, covered District Office GS 1101 (Business Opportunity Specialists [BOS], Economic Development Specialists [EDS], Marketing and Outreach Specialists [M&O]) and 1165 (Loan Specialist) positions. OPM worked with SBA, conducting focus groups for the mission critical field occupations, and completing competency assessments and a gap analysis for the Phase I positions. SBA and OPM are working together to develop and document job family competency models for the remaining SBA occupations and expect to complete the task in FY 2004.

SBA and AFGE Council 228 successfully negotiated and signed a Memorandum of Understanding on implementation of SBA's district office pilot to test the viability of consolidating "backroom" activities into centralized centers, and improving outreach and customer service by making a greater percentage of district office staff available for direct customer support and program delivery. Staff in the three initial pilot district offices (Arizona, Florida and North Carolina) received extensive training on marketing and outreach, customer relationship management, lender relationship management, change management, managing for results, and effective presentation skills. Pre and post assessments of the "transformation curriculum" provided critical feedback that was used to further improve the courses' effectiveness. In July 2003 SBA began training staff in a fourth district office (New Hampshire) and plans to transform additional offices in FY 2004.

SBA revised its Performance Management Appraisal System on September 23, 2002, and implemented it for all supervisors and managers effective November 5, 2002.

Supervisors in headquarters were provided classroom training on the new system. That training was recorded, and developed into a web cast for field managers. The training is now available to all SBA employees on the SBA Intranet. SBA will expand the use of its Personal Business Commitment Plan (PBC) performance rating system. SBA and AFGE Council 228 successfully negotiated its implementation for bargaining unit employees in March. The plan was implemented for non-supervisors on October 1, 2003, at which point it will cover all SBA employees. This new rating system links individual performance to SBA's mission and goals and effectively differentiates between those performing at an acceptable level from those at the extraordinary level.

SBA established a new awards program recognizing team management, goal achievement, and customer service for both Headquarters and Field Staff. The recognition of those making the greatest contributions to the accomplishment of SBA's mission and goals and the PMA will fuel internal competition to be recognized as the best, resulting in enhanced mission accomplishment throughout SBA.

SBA recruits, sustains and effectively deploys a skilled, knowledgeable, diverse and high-performing workforce and executive cadre capable of executing high quality programs and activities that meet the current and emerging needs of its customers.

The following Outcome Measures will determine success in meeting this Objective:

In FY 2004, and maintained each year thereafter, SBA will achieve a rating of "Green" for having met all of the Core Criteria of the Human Capital initiative on the PMA.

As a result of a revised management and performance culture, SBA employees' rating of overall satisfaction with their jobs will increase each year and by FY 2008 will exceed the government-wide average by at least 10 percent.

The percentage of SBA employees possessing core competencies identified for their positions is identified in FY 2004 and the resulting gaps in current and future skills and competencies in mission-critical occupations is reduced by 20 percent each year.

The ODA, where appropriate, linked goals and objectives from its strategic plan to each Disaster Assistance employee's PBC, the Agency's new performance management system. The plan empowers employees and also holds them accountable for meeting the organization's goals. Employees at all levels will now see that they are a part of a bigger picture. The plan connects employees directly to the mission of the organization through the PBC performance management system.

Long-term Objective 4.3

Financial management systems will support both SBA strategic management and financial accountability by providing financial information that is useful, relevant, timely and accurate and which assists SBA in maximizing program performance and accountability.

Discussion of Program Performance in FY 2003

During FY 2003, the Agency made substantial progress in addressing the issues raised by its independent auditor in the FY 2002 financial audit, including building new subsidy models, reengineering the financial reporting process, and addressing internal control weaknesses.

Improved Risk Management and the Lender Monitoring System

Effective oversight of the SBA's lending partners is a cornerstone of financial management. At the end of FY 2003, SBA implemented a new lender monitoring system (LMS). SBA teamed with Dun and Bradstreet and the Fair Isaac Corporation to develop the LMS. The LMS will greatly enhance SBA's ability to identify risk characteristics and predictors of default for lenders and the overall portfolio. During FY 2003, the Agency made substantial progress in addressing the issues raised by its independent auditor in the FY 2002 financial audit, including building new subsidy models, reengineering the financial reporting process, and addressing internal control weaknesses.

Subsidy Rate Calculations

During FY 2003, SBA introduced its new econometric model for the 7(a) loan guarantee program. This model was subsequently enhanced to compute subsidy reestimates as well. SBA developed an initial model to measure the subsidy cost or benefit of the secondary market guarantee program for 7(a) loans sold on the secondary market in FY 2003.

Strategy Implementation

With regard to SBA's overall loan portfolio, LMS allows the data on individual lenders to be aggregated with other lender data to assess the portfolio or components of the portfolio and identify risk characteristics and predictors of default. SBA awarded a contract to Dun and Bradstreet in partnership with Fair Isaac to provide the Agency with loan and lender monitoring services in FY 2003. The framework and analytical structure for these services was developed in FY 2003 and provided to SBA at year end FY 2003. At the heart of the services being provided by Dun and Bradstreet is an analytical model that includes credit scoring of SBA's entire 7(a) and 504 loan portfolios as well as quarterly analytics to assess the level of risk individual lenders represent to SBA. The quarterly analytics and data provided by Dun and Bradstreet on SBA's lender performance allows for off-site monitoring of SBA's lenders, provides an early warning mechanism with regard to credit quality and risk management, and assists the Agency in prioritizing its lenders for onsite reviews. As part of the services provided by Dun and Bradstreet in FY 2003, the credit scoring model used to assess the level of risk of SBA's loans was validated against SBA's actual loan performance and found to be highly predictive.

In addition to the loan and lender monitoring services, OLO re-designed its approach to lender reviews to coincide with the lender oversight framework being provided by Dun and Bradstreet. The re-designed lender review process assesses an SBA lender's operations and evaluates how well a lender makes, services and liquidates loans guaranteed by SBA. The new review process was piloted the second half of FY 2003, with the expectation that it will be implemented in FY 2004 in conjunction with the enhanced lender oversight capabilities available through the loan and lender monitoring services.

Loan Monitoring System

As noted previously, during FY 2003, SBA contracted with Dun and Bradstreet in partnership with Fair Isaac to provide loan and lender monitoring services. The services being provided include data bases of SBA's loans and lenders available to the Agency through a web-access, quarterly credit scoring of the 7(a) and 504 loan portfolios, and quarterly analytics including peer group and industry comparisons, risk identification, and portfolio and lender characteristics.

The framework for these services and the first set of quarterly analytics were provided to SBA at year end, FY 2003.

Lender Reviews

SBA conducts two types of lender reviews. Small business lending companies (SBLCs) and other non-bank lenders receive safety soundness examinations which the Farm Credit Administration conducts on behalf of SBA. In FY 2003, SBA expanded these examinations to include certain non-bank lenders that are not overseen by a Federal financial regulator and have significant volume and/or a wide geographic range of operations.

In FY 2003, SBA completed its fifth cycle of conducting compliance reviews. SBA reviews lenders in the Preferred Lender Program (PLP) annually and non-PLP lenders over a three year cycle. These reviews focused on compliance with SBA rules and procedures. In FY 2003, OLO redesigned the review process to focus on operating activities. While not replicating the safety and soundness reviews depository institutions receive, SBA reviewers assess a lender's SBA origination, servicing and liquidation practices to ensure that they reflect reasonable lending practices and are consistent with SBA requirements. The new review procedures were tested and evaluated during FY 2003 in the expectation of implementation in FY 2004.

Budget and Performance Integration

In FY 2003 the SBA continued to make significant progress in integrating the measurement of its performance with the budgeting process. Our progress in this area is an essential success factor in reaching our overall Agency management objective (Long-term Objective 4) as well as our financial management objective (4.3). To effectively manage our programs, managers must clearly understand the programs' costs and performance results.

A key to measuring the Agency's programs is SBA's activity-based costing model by which the Agency measures the full cost of all of its programs and support activities. Through this model, all of the Agency's costs are allocated to its programs. There are a number of key elements to this model. All SBA staff are surveyed to determine the allocation of their time to the Agency's programs. In FY 2003, this survey was conducted at mid-year, and will be repeated after the end of the fiscal year. The survey was reviewed by representatives of the Agency's program offices before being sent out to ensure that the right cost elements were identified. A new step in the process this year required the certification by supervisors of employees' surveys. Each year that the Agency conducts the survey, SBA succeeds in improving upon it.

In addition, the model allocates direct, identifiable costs to each program. Certain overhead costs are allocated based upon specific measurements (e.g., square footage for rent). Remaining Agency overhead is distributed by the model in accordance with the allocation of staff time.

Results of the costing model allow SBA to compare the full costs of its various programs. They also allow us to establish unit costs for our measurable results. These unit costs may be used not only to compare program outputs and outcomes, but also, in the future, to compare them with similar data outside the Agency.

A major achievement of the Agency in FY 2003 was the finalization of the SBA's new five-year strategic plan. This plan incorporates long-term goals for all of the Agency's programs. It also establishes standard outcome measures for many of our programs: creation of new business, jobs created and retained, and increasing the longevity of existing businesses. Establishing outcome targets for SBA programs has proven a major challenge for the Agency, and in this plan SBA has succeeded in greatly improving those measures. In addition, management goals are fully integrated into the strategic plan. These goals include the five focus areas of the President's Management Agenda. Measurable goals have been established for these initiatives, just as they have been for our program areas.

During FY 2003 the Agency has implemented an internal scorecard process. SBA uses an on-line performance measurement system that is available to all employees via the Intranet. The Deputy Administrator meets monthly, and the Administrator meets quarterly, with senior managers to review their offices' progress in meeting their goals. These goals relate directly to the Agency's performance plan and its long-term strategic plan. All managers' and supervisors' performance appraisals are tied to their success in meeting these goals.

Establishing outcome measures for SBA's technical assistance programs has proven a particular challenge. The Office of Entrepreneurial Development has made significant progress in this area. They have worked closely with a number of academic research entities to identify relevant, measurable outcomes for their programs. These outcome measures will be tested in surveys of their programs in FY 2004 if requested funding is provided.

During FY 2003, a total of six SBA programs were reviewed through OMB's PART process. The Agency has found the PART process to be an effective manner in which to identify: the purpose of our programs; specific outcome and output measures; and progress in meeting these measures. As a result, in preparation for FY 2005 budget planning, for the first time the Agency voluntarily undertook an internal PART review of all of its programs. As a result of this review, decisions were made for our FY 2005 request to increase financial support for certain better-performing programs, and decrease support for others. Furthermore, through this process, the Agency identified a structural problem, by which our separate funding for a relatively large number of programs (our non credit programs), results in the establishment of redundant infrastructures for each program. Therefore, the Agency has reduced its separate requests for these individual programs, and will support them through our general operating budget. This should provide greater flexibility in the management of our resources, while making the programs more efficient by reducing the costs of each separate activity.

Program Costs

The SBA has conducted cost studies for many years to identify the operating expenses to be allocated to the business and disaster programs in its budget. In recent years, the need for cost reporting has increased. The Government Performance and Results Act of 1993 (GPRA) placed a new emphasis on identifying Agency program costs. Also, the Federal accounting standard on cost accounting issued in 1997 requires agencies to develop cost-accounting systems for use in management and financial reports. Finally, the Chief Financial Officer (CFO) financial statements required a report of program costs beginning with FY 1999 reporting.

In order to meet the above requirements, the SBA contracted for cost-accounting support for its fiscal 1997 reporting of costs. The Activity Based Costing (ABC) methodology is used for the SBA's cost accounting with the OROS® cost-accounting model. Using ABC, the SBA's program activities are defined, and surveys of Agency personnel are used to relate costs to these program activities. These activity costs are then, in turn, related to the "cost objects," i.e., SBA services, such as guaranteed loans or disaster loans.

Besides financial reporting, the SBA also uses ABC-developed costs for management decision-making. The cost of making and servicing loans, for example, provides information for decisions on resource allocation within the SBA and for outsourcing alternatives. In addition, the SBA began using Activity Based Budgeting (ABB) for the development of FY 2001 program office budgets. ABC and ABB have provided a modern management tool for the SBA's use in strategic and operating decision-making. The identification of program costs is another important step for the SBA.

The Performance section of this report includes program costs along with the SBA's performance results.

Erroneous Payments

As required by the Improper Payments Information Act the SBA reviewed its payment programs during FY 2003. The result of this review is summarized in the table below. From this analysis, the SBA identified four loan programs for further review. They are the 7(a) Business Loan Program, the Section 504 Certified Development Company (CDC) Debenture Program, the Small Business Investment Company (SBIC) Program and the Disaster Assistance Loan Program. In addition, the SBA reviewed its administrative payments operation. The results of this further review of SBA programs for erroneous payments are shown below.

| Small Business Administration Risk Assessment for SBA Program Disbursements | | | | | | | | |
|--|---------------------------|---------|---------------------------|--|--|---------------------------------|---------------------------------------|----------------|
| Program | FY 2003 Disb (\$Millions) | # Disb | Overall Risk ¹ | Complexity of Laws/ Regs. ² | Complexity of Calculation of Payments ² | Audit Requirements ² | Internal Control History ³ | Comments |
| 1. Payroll | 248.4 | 341,668 | L | L | L | I/G | | |
| 2. Travel | 16.8 | 31,695 | L | L | L | I/G | I/G | Minor findings |
| 3. Contracts and Misc. | 110.6 | 104,930 | L | L | L | I/G | | |
| Credit Programs | | | | | | | | |
| 4. 7(a) Guaranty | 722.3 | 7,120 | M | M | M | I/G | I/G | I/C in place |
| 5. 504 | 169.7 | 709 | L | M | L | I/G | | |
| 6. SBIC Participating Sec. | 322.2 | 444 | L | M | L | I/G/R | I/G/R | Minor findings |
| 7. SBIC Debentures | 57.2 | 67 | L | M | L | I/G/R | I/G/R | Minor findings |
| 8. Disaster | 692.8 | 32,049 | L | L | L | I/G/R | I/G/R | Minor findings |
| Non Credit programs | | | | | | | | |
| 9. SBG claims | 7.9 | 134 | L | M | L | I/G | | |
| 10. SBDC | 85.1 | 740 | L | M | L | I/G | | |
| 11. Drug-free workplace | .1 | 124 | L | M | L | I/G | | |
| 12. WBC grants | 11.1 | 524 | L | L | L | I/G | I | Minor findings |
| 13. Business LINC | 3.6 | N/A | L | L | L | I/G | | |
| 14. 7(j) technical assistance | 2.8 | 58 | L | L | L | I/G | | |
| 15. PRIME tech. asst. | 8.6 | na | L | L | L | I/G | | |
| 16. SBIR – FAST | .1 | 11 | L | L | L | I/G | | |
| 17. SCORE program | 4.9 | 11 | L | L | L | I/G | | |
| 18. Microloan technical asst. | 16.6 | 765 | L | L | L | I/G/R | | |
| 19. Congressional Initiatives | 23.4 | 258 | L | L | L | G | | |

¹ L = Low risk or complexity, M = Medium risk or complexity, H = High risk or complexity

² I = Internal audit by SBA IG or SBA management, G = GAO audit/review, R = Regulatory examinations/ audits required by regulation or statute. Subject to audit as above. Programs have not necessarily been audited to date.

³ Findings by I = Internal audit, G = GAO, R = Regulatory audit – See comment column.

1. 7(a) Business Loan Program

Background

Through the 7(a) business loan program, SBA guarantees approximately \$9 to \$10 billion in lender originated loans each year. Upon default by a borrower, the participating lender may request SBA to purchase the guaranteed portion of a loan. SBA then conducts a thorough analysis of the purchase request, including reviewing the lender's loan origination, use of proceeds, and diligence in servicing and liquidating. If SBA determines that there has been a breach in any of the terms of the loan or the guaranty agreement with the participating lender, SBA may modify the purchase request through a reduction of the amount paid (a "repair"), or deny the purchase request in full.

(a) Erroneous Payments Data

The measurement of erroneous payments in the 7(a) business loan program logically resides in the guaranty purchase process, since this is when Treasury funds are disbursed. A January 2000 report issued by SBA's Office of Inspector General (OIG) provided the results of an audit of the 7(a) loan program that was conducted to determine whether loans were processed, disbursed and used in accordance with SBA requirements. OIG concluded that this was not always the case. Based on a statistical projection of the sample results, OIG estimated that loans valued at \$405 million might have deficiencies that could result in some erroneous payments.

As a result of an audit on guarantee purchases, OIG recommended that SBA centralize the guaranty purchase process for all loans. In response, SBA has taken two separate actions to support this recommendation. First, SBA centralized the purchase of loans made under the Agency's SBAExpress program, which currently accounts for about one-fourth of 7(a) loans made by participating lenders. Second, with OIG's concurrence as to methodology, SBA established a process by which almost 10 percent of loans purchased each year would be reviewed centrally. As a result, the SBA guaranty purchase review program (GPR) was started to strengthen the Agency's quality control and oversight of the 7(a) loan program, with particular emphasis on the purchase process.

Through the GPR, SBA made a preliminary estimate of possible erroneous payments in guaranty purchase disbursements. This was based on an initial review sample consisting of 145 purchases (representing disbursements of \$9.4 million). Of this limited number, 14 disbursements (\$1 million) were identified as possibly being in error in whole or in part. Since this was a first-time estimate based upon a very small statistical sample early in the GPR review process, SBA noted that the finding would be subject to future revision as more experience was gained through the GPR using a larger sample of purchases. It was also indicated that further research on additional data was necessary to validate even this initial finding since information related to the level of errors in purchase disbursements did not exist prior to the newly initiated GPR process.

SBA has now completed further analysis on a larger sample size of guaranty purchases. This sample consisted of 71 purchases that were reviewed in FY 2000 and 300 purchases reviewed in FY 2001. The percentage of possible erroneous payments (in dollars) calculated for each review year is:

| | |
|---------|------|
| FY 2000 | 5.0% |
| FY 2001 | 1.9% |

OCFO believes the FY 2001 percentage represents the most accurate estimate to date for possible erroneous payments, because of the larger sample size and additional experience in the review process. Based on these new figures, SBA proposed the following target rates for erroneous guaranty purchase payments for fiscal years 2002-2004:

| | |
|----------------------------------|------|
| FY 2000 preliminary "error" rate | 5.0% |
| FY 2001 baseline "error" rate | 1.9% |
| FY 2002 target "error" rate | 1.9% |
| FY 2003 target "error" rate | 1.8% |
| FY 2004 target "error" rate | |

(b) Assessment and Action Plan

SBA commenced its guaranty purchase review project in FY 2000 on a statistical sample of purchase decisions by SBA field offices that were examined by teams of experienced financial and legal staff. The Agency will continue the review process with the goal of reducing the purchase error rate. This will be accomplished through identifying problem areas in policy and procedures that may require revision, and developing training materials to achieve greater consistency in purchase decisions. In this regard, SBA issued a major policy notice in October 2002 to ensure greater accuracy and consistency in the guaranty purchase process, and provided training in November 2002 to all Agency attorneys on the new policy. SBA reviewed 300 guaranty purchases decisions in FY 2001 and 232 in FY 2002, and determined to use a similar size sample going forward, depending on the available budget.

(c) Agency Contact Point

Walter Intlekofer (202) 205-7543

2. Certified Development Company Loan Program

Background

Through the Certified Development Company (504) Loan Program, SBA guarantees about \$2 billion in loans annually. Participating Certified Development Companies (CDCs) issue debentures to private investors to finance the loan transaction with the small business borrower. SBA guarantees 100% of this debenture financing, which typically covers approximately 40% of the total borrower transaction. A private sector lender generally provides 50% of the financing that receives no guaranty from SBA but instead receives a first lien position on the project collateral. In the event of payment default by the borrower, and in the absence of a satisfactory workout agreement, SBA must honor its guaranty to the investor holding the debenture. This is done through a Central Servicing Agent (CSA) using tightly controlled procedures. Since SBA's guaranty is 100% and is unconditional to the investor, there is no issue with respect to erroneous payments. Recovery for the CDC/SBA on the amount disbursed for purchase of the debenture is obtained through payments from the borrower, through the liquidation of collateral or recovery from guarantors.

(a) Erroneous Payment Data

Since SBA's 100% guaranty to the debenture holder is unconditional, there is no possible erroneous payment issue or problem in connection with the debenture purchase process. Also, the disbursement procedure for debenture purchases is very tightly controlled through SBA's CSA. Recovery on the amount disbursed for debenture purchase is achieved through borrower payments and liquidation actions, as appropriate.

(b) Assessment and Action Plan

SBA's field staff will continue to train and conduct reviews of CDCs to assure compliance with all applicable laws, regulations and Agency procedures governing the program. CDC's that fail to appropriately follow these authorities will not be allowed to participate in the 504 program. Beyond this, no further action is necessary with respect to possible erroneous payments in this program. Consequently SBA does not believe that the 504 loan program should be included in the formal tracking of erroneous payments.

(c) Agency Contact Point

Walter Intlekofer (202) 205-7543

3. Small Business Investment Company (SBIC) Programs

The Investment Division is charged with administering the Small Business Investment Company (SBIC) program. SBICs are privately-owned and privately-managed venture capital firms. The SBA licenses and regulates the SBICs and supplements their private capital with government guaranteed funds. All investment decisions are made by the managers of the SBICs. In consideration of the license and the supplemental funding, SBICs agree to make investments only in eligible businesses. Eligibility is determined based upon a net worth and net income test or an employment test. Businesses engaged in certain industries are precluded from receiving an SBIC investment.

Prior to receiving a SBIC designation, the applicant must undergo a rigorous licensing process. Upon receiving a license, the SBIC is eligible to receive funding (leverage). First it receives a commitment and then makes draws against the commitment. A commitment is initially reviewed by the Office of SBIC operations and, based upon that recommendation, approved by the Associate Administrator for Investment. Draws against the commitment are reviewed by the assigned analyst, the appropriate area chief and the funding officer in the Office of the Chief Administrative Officer. All paperwork, including necessary opinions of counsel and statements of need must be in order prior to the draw being allowed. These requests are then actually funded by an interim lender, which also reviews the documentation for compliance.

The Investment Division does not believe any requests for draws of leverage have been erroneously approved in the sense that all appropriate paperwork was not in order. Only in the case of fraud would an erroneous payment occur at this point in the process.

Once a payment has been disbursed to a SBIC, it is required to invest in accordance with the statute and regulations. Although interpretation issues do sometimes arise relative to eligibility, this is generally not a problem. In this situation the SBIC would most likely seek clarification from the Office of SBIC operations prior to making the investment. Sometimes an investment is made where the structure of the investment does not conform to the regulations. In most such instances, the investment can be re-structured to conform. In rare instances, the SBIC might knowingly make an investment that is not permitted. This would be an instance of fraud.

Once an SBIC is licensed, it is subject to a regulatory audit by the Office of SBIC Examinations. These are performed approximately every 12 months for those SBICs that have leverage outstanding. These audits are designed to ensure that SBICs operate in conformance with the regulations or to uncover those instances when they have failed to do so. In the latter instance, in almost all cases, the "finding" is resolved. Sometimes, the Office of SBIC Operations determines that there was no regulatory violation. In other instances, the investment can be restructured to conform to the regulations. In almost every instance, the recipient of the investment qualified as a small business and was eligible to receive the investment.

Given the above, the Agency believes that erroneous payments are very unlikely in the SBIC program, limited to instances of fraud and those rare instances where an investment could not be restructured to comply with the regulations. As such the Agency believes that erroneous payments in the program are limited to a maximum amount of those instances where fraud is involved or where "findings" cannot be resolved.

In order to determine instances of potential erroneous payments, the first step is to account for all unresolved findings. The goal of the Investment Division is to resolve all findings within 180 days. This number will vary during the course of the fiscal year. Most findings unresolved for more than 180 days relate to conditions of capital impairment. This is a measure of the financial condition of the SBIC and does not indicate that an erroneous payment has been made. As such it is not a finding that should be included in a calculation of erroneous payments. Other than for conditions of capital impairment, most findings are ultimately resolved even after 180 days has elapsed. Nonetheless, a condition unresolved for more than 180 days is somewhat indicative of a potential investment that was made in violation of the regulations, is difficult to resolve and may have been made erroneously.

As of Fiscal Year end 2002, the Investment Division had 3 Findings outstanding for more than 180 days. These all related to one SBIC with outstanding leverage of \$2,025,000. The total amount of the affected investments was \$753,786. Total financings extended by SBICs in FY 02 were \$2.659 billion. The questionable payments represent less than .03% of all SBIC financings in FY 02. Incidentally, these Findings were resolved in FY 2003.

The other instance where erroneous payments might be encountered is where fraud is perpetrated by the SBIC management. This is a rare occurrence. Potential fraud is most usually uncovered after a SBIC has been transferred to the Office of SBIC Liquidation. That office may employ forensic accountants in an effort to reconstruct the financial statements of the failed SBIC. This reconstruction might lead to instances of fraud. These cases are referred to the Office of the Inspector General for investigation and possible referral to the Assistant US Attorney for prosecution.

In FY 02, the Investment Division uncovered one potential fraud case as a result of a transfer to liquidation with total outstanding leverage of \$16,300,000. Three points need to be emphasized with respect to this case:

1. No actual determination of fraud has been made at this time,
2. Even if fraud is determined, the total amount of potential fraudulent payments may actually be substantially less than the amount cited above, and
3. The above amount is before any recoveries are made.

Assuming the entire amount is determined as fraudulent and an erroneous payment, the total amount for the Fiscal Year is estimated at \$17,053,786 including the Findings mentioned above. This approximates .64% of the total financings extended by SBICs in Fiscal Year 2002.

SBA believes the above approach sets the maximum potential amount of erroneous payments in the program in any fiscal year. This assumes that all the payments in these categories were erroneous. Even assuming such eventuality, recovery may well be made as the Agency attempts recoveries against responsible parties. These recoveries will reduce the amounts further. Given that such payments are below the threshold amounts specified in the Improper Payments Information Act (Act), the SBA will administer its SBIC program using its existing internal controls and management plans. The SBA will continue to monitor the risk of improper payments for the SBIC program as required by the Act.

Agency Contact Point: The SBA contact for this program is Harry Haskins (202)205-6510.

4. Disaster Loans

The SBA Disaster Loan program provides direct loans to individuals and businesses to repair and/or replace underinsured or uninsured disaster damaged property. Small businesses are also provided working capital loans to enable them to sustain operations during the recovery period.

Based upon on-site reviews of its field offices, the Office of Disaster Assistance (ODA) does not find that the SBA Disaster Loan Program commits *Erroneous Payments* that exceed acceptable levels or “benchmarks” established by OMB. To make this determination, ODA amended its “Quality Assurance Review” process in FY 2002 to include “*Erroneous Payments*” in order to examine its current level of such loans and if appropriate, establish a baseline and future targets. The annual reviews consisted of a review of 120 loan files in each of the Disaster Area Offices, or a total of 480 files. These reviews consist of three primary compliance areas: (1) basic eligibility, (2) adherence to relevant laws, rules, regulations and standard operating procedures and (3) credit worthiness.

Based on the FY 2002 review of 480 files, the *Erroneous Payment* rate was determined to be 1.7% percent (8 loans) of loans reviewed for a total *Erroneous Payment* dollar amount of \$572,995. During FY 2003, ODA's field office review results to date (review of one field office is pending) show *Erroneous Payments* were found in 8 loans or 2.2% of loans reviewed and the dollar amount of the *Erroneous Payments* found in this year's reviews so far total only \$96,266 or 0.4% of the dollar amount of the loans reviewed.

The disaster loan program has a number of checks and balances in place to ensure that assistance is provided to eligible recipients and at amounts determined to be appropriate. Disaster related damages are verified onsite by SBA staff. The cost to repair and/or replace the disaster damaged property is determined by SBA construction analysts. ODA also makes appropriate credit checks, verification of income, verification of ownership and checks with FEMA to ensure that Federal assistance is not duplicated during loan processing and disbursement of all disaster loan funds. Finally, every secured loan is reviewed by staff attorneys for legal sufficiency and use of electronic funds transfer is utilized to prevent lost and stolen checks.

It should be noted that while the erroneous payment amount indicated above is represented by the approved loan amount, the actual cost of the loan to the government is determined by the subsidy rate. Applying the subsidy rate to the loan amount would reduce the actual erroneous payment amount by approximately 80 percent.

Based upon all of the above, the Disaster Program does not appear to exceed any of the OMB benchmark levels that require annual reporting. Accordingly, SBA believes that it is appropriate that its Office of Disaster Assistance be excluded from OMB's “Erroneous Payments” reporting requirements.

Point of Contact: S. George Camp (202) 205-6734

5. Office of the Chief Financial Officer (OCFO) Activities

Background

In addition to the four SBA programs identified in OMB's Circular A-11, SBA's Denver Finance Center (DFC), within the Office of the Chief Financial Officer (OCFO), is responsible for all Agency disbursements, including processing payments referenced above under the four specific program areas. General information on SBA's DFC transactions is addressed to provide additional assurances over its broader oversight and management of financial activities. These general DFC financial activities are not proposed for tracking and reporting outside the specific program areas identified within the OMB Circular.

All DFC disbursement activities, especially in the area of administrative payments, are subjected to regular audit and review by the Office of the Inspector General. The OCFO has very proactive and comprehensive internal control and quality assurance processes to ensure that all payments made are appropriate and documented. As such, all findings and recommendations from any of these assessments are identified, tracked, and resolved in a manner that is acceptable to all parties involved.

(a) Erroneous Payment Data

The audit and review activities that have been conducted in the payment areas in DFC have not identified any material findings of erroneous payments in past years. As such, OCFO believes that no unacceptable level of errors is made.

Systematic Risk Assessment Activities

OCFO has completed an internal control checklist and evaluated internal controls already in place using the checklist as a guide.

Administrative Payments under the Erroneous Payments Guidelines

ICR: This review was conducted to determine the probable extent of erroneous payments processed by the Administrative Accounting Division in FY 2002.

Action: Review of the vendor and grant payments resulted in not finding any erroneous payment errors.

Credit Card Programs

Purchase Cards – Disbursements for the purchase card program are made on a daily basis via an automated process. This daily payment process was developed to maximize the credit card rebates made available to agencies. An invoice file is received from Bank of America (BofA), our card vendor, containing daily transactions by purchase card number. A payment is automatically made to BofA for each of the invoice amounts. The cardholder works with BofA to perform a post-payment reconciliation and review for returned items, disputed charges, etc. to keep the account in balance.

Travel Cards – Payments for travel reimbursement are made to employees and directly to BofA, the travel card vendor, on behalf of the employee. On very rare occasion, BofA will post a direct payment to the wrong account number. SBA works with BofA to get the correct account posted, rather than deal with refunds and replacement payments. Ultimately, it is the employee's responsibility to monitor charges, payments and disputed amounts to keep their account in balance. In addition to reviews performed by the SBA's OIG, the OCFO's Denver Finance Center performs an annual review of travel payment processing to assure that procedures are followed and that there are adequate internal controls.

Agency Contact Point: The SBA contact for this area is Randy Christopherson (303)844-3568.

Debt Servicing and Collection Practices

The SBA has extensive debt servicing and collection practices to ensure maximum recovery.

Borrowers indicate on loan applications whether they are delinquent on Government debt. Credit reports are used to identify delinquent Federal obligors. Delinquent Federal debtors are subsequently barred from obtaining SBA guaranteed loans. The Agency actively uses Federal salary offset and conducts annual matching of delinquent debtor records for civilian and military Federal employees/retirees with the Department of Defense. The SBA requires every loan applicant to disclose his or her taxpayer identification number (TIN). The SBA reports delinquent debt to the Credit Alert Interactive Voice Response System (CAIVRS) maintained by the Department of Housing and Urban Development (HUD). Debt servicing and collection procedures include the acquisition and sale of collateral through liquidation processes.

Treasury Offset Program

The Treasury Offset Program (TOP) is a centralized debt collection program of the Treasury's Financial Management Service. The offset program includes the offset of Federal tax refunds, Federal salary, Federal retirement pay and Federal vouchers, and includes any Federal income benefits paid to a delinquent borrower. All loans more than 180 days delinquent and all charged-off loans are referred to TOP. FY 2003 was yet another record year for the TOP division; more than \$9.8 million was collected from approximately 9,400 charged-off (mostly disaster home) loans in the TOP portfolio. Of those 9,400 loans, 914 were collected in full. The TOP division ended FY 2003 with 9,543 loans in the portfolio, with a total outstanding balance of approximately \$79 million. The program has resulted in cumulative collections of \$60 million for the SBA on its charged-off portfolio. Over 10,600 loans have been collected in full, and over 29,000 charged-off loans have either made arrangements to pay monthly or have paid in full during the tenure of the program. SBA also intends to participate with the Treasury on a pilot program to implement a new web-based credit alert system (called DebtCheck) that will use the TOP database of delinquent debtors.

Lender Oversight

Lender oversight is a key component of the SBA's debt and credit program management methodology. During FY 2003, the SBA's Office of Lender Oversight (OLO) implemented a new risk based loan and lender monitoring system. The core component of the new approach is an analytical model that includes credit scoring of SBA's entire 7(a) and 504 loan portfolios as well as quarterly analytics to assess the level of risk individual lenders represent to SBA. The quarterly analytics and data on SBA's lender performance allows for off-site monitoring of SBA's lenders, provides an early warning mechanism with regard to credit quality and risk management, and assists the Agency in prioritizing its lenders for onsite reviews. The completion of this new approach to lender oversight and loan monitoring was a substantial financial management accomplishment for SBA in FY 2003.

Portfolio Aging

The SBA carefully monitors its credit portfolio to watch for deterioration. When a borrower makes all payments as agreed and on time, the borrower is considered "current." The portion of loans in the portfolio with current payments, as compared to the total portfolio, is called the "currency rate." Deterioration in the currency rate signifies potential problems for the SBA, and the Agency takes prompt action to bring borrowers current. The following table provides a history of the performance of SBA's credit portfolio. Generally, actual credit portfolio results have improved during this period due to programmatic and economic factors.

| SBA Portfolio Aging | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|
| | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
| Currency Rate¹ | | | | | |
| 7(a) | 89.8% | 90.4% | 92.2% | 93.5% | 94.1% |
| 504 | 98.0% | 98.4% | 99.6% | 99.5% | 99.5% |
| Disaster Home Loans | 90.6% | 89.6% | 89.6% | 89.6% | 89.3% |
| Disaster Business Loans | 85.0% | 85.1% | 85.2% | 91.3% | 86.0% |
| Default Rate² | | | | | |
| Disaster Home Loans | 6.5% | 7.4% | 7.2% | 6.8% | 7.1% |
| Disaster Business Loans | 12.1% | 11.5% | 11.5% | 7.4% | 8.2% |
| Purchase Rate³ | | | | | |
| 7(a) | 15.1% | 14.4% | 14.35% | 13.9% | 10.04% |
| 504 | 13.3% | 11.9% | 11.1% | 8.4% | 8.3% |
| Recovery Rate⁴ | | | | | |
| 7(a) | 61.0% | 60.5% | 60.7% | 60.3% | 51.92% |
| 504 | 31.1% | 24.9% | 31.3% | 26.9% | 19.97% |
| Disaster Home Loans | 4.6% | 4.6% | 5.0% | 4.47% | 3.90% |
| Disaster Business Loans | 11.8% | 11.8% | 19.4% | 11.82% | 9.19% |

Loss Reporting

Each year, the SBA provides a Loss Report to Agency management for its various loan programs. The Loss Report focuses on the actual losses as a percentage of disbursements made to date. The report allows the user to review historical and current year data for each of the Agency's primary lending programs.

Loss data includes losses and gains from the sale of collateral (real estate and other property) acquired on defaulted loans; other "costs of doing business" to service and liquidate defaulted loans; and non-recoverable expenses such as fees for title searches and Uniform Commercial Code (UCC) re-filing charges. Before a loan sale, the portfolio to be sold is reviewed to write down overvalued loans. The results of the write down are also included in SBA's loss data.

Once the Agency has exhausted all debt collection methods, the SBA may classify a loan as charged-off. For guaranteed loans, the loan must first be purchased from the participating lender before this classification can be made. Assignment of charge-off status does not preclude the Agency from further collection actions.

The SBA's Loss Reports beginning with Fiscal Year 1996 are available on the Internet at <http://www.sba.gov/library/recordsroom.html>.

¹ The proportion of each year's disbursed dollars with on-time payments.

² The proportion of each year's disbursed dollars over 60 days delinquent.

³ The proportion of each year's disbursed dollars purchased from lenders due to borrower default as forecasted in the budget for that fiscal year.

⁴ The proportion of total lifetime purchased dollars (actual plus forecasted) to be recovered by SBA or lenders, net of expenses as forecasted in the budget for that fiscal year.

| SBA FY 2003 Loss Report – All Business Loans | | | |
|---|-----------------|-------------------|-------------------|
| All Business Loans | Direct/IP | Guaranteed | Program Total |
| Disbursements | | | |
| Balance as of 2002 | \$7,154,725,874 | \$127,068,867,245 | \$134,223,593,119 |
| FY 2003 | 23,122,522 | 10,493,400,389 | 10,516,522,911 |
| Cumulative Disbursements | 7,177,848,396 | 137,562,267,634 | 144,740,116,030 |
| Charged Off Loans* | | | |
| Balance as of 2002 | 1,538,294,182 | \$7,267,284,765 | \$8,805,578,947 |
| 2003 Loan Principal | 3,143,292 | 474,992,670 | 478,135,962 |
| 2003 Judgment Principal | 18,675,431 | 10,476,728 | 29,152,159 |
| 2003 Other Receivables | 1,659,782 | 3,984,294 | 5,644,075 |
| Cumulative Charged Off Loans | 1,561,772,687 | 7,756,738,456 | 9,318,511,143 |
| Recoveries | | | |
| Balance as of 2002 | \$85,978,119 | \$334,151,028 | \$420,129,147 |
| FY 2003 | 1,112,394 | 20,587,773 | 21,700,167 |
| Cumulative Recoveries | 87,090,513 | 354,738,801 | 441,829,314 |
| Actual Net Losses | | | |
| Cumulative Charged Off Loans Net of Cumulative Recoveries | \$1,474,682,174 | \$7,401,999,656 | \$8,876,681,830 |
| Actual Loss Rate | 20.54% | 5.38% | 6.13% |
| (Actual Losses/Disbursements) | | | |

| SBA FY 2003 Loss Report – Disaster Loans | | | |
|--|------------------|--------------|------------------|
| | Direct | Guaranteed | Program Total |
| Disbursements | | | |
| Balance as of 2002 | \$24,650,657,954 | \$39,817,968 | \$24,690,475,922 |
| FY 2003 | 686,148,599 | \$0 | \$686,148,599 |
| Cumulative Disbursements | 25,336,806,553 | \$39,817,968 | \$25,376,624,521 |
| Charged Off Loans* | | | |
| Balance as of 2002 | \$2,646,972,882 | \$2,080,743 | \$2,649,053,625 |
| 2003 Loan Principal | 160,101,827 | 0 | 160,101,827 |
| 2003 Judgment Principal | 908,888 | 0 | 908,888 |
| 2003 Other Receivables | 99,655 | 0 | 99,655 |
| Cumulative Charged Off Loans | 2,808,083,253 | 2,080,743 | 2,810,163,996 |
| Recoveries | | | |
| Balance as of 2002 | \$202,433,395 | \$11,811 | \$202,445,206 |
| FY 2003 | 16,669,212 | 0 | 16,669,212 |
| Cumulative Recoveries | 219,102,607 | 11,811 | 219,114,418 |
| Actual Net Losses | \$2,588,980,645 | ,068,932 | 2,591,049,577 |
| Actual Loss Rate | 10.22% | 5.20% | 10.21% |

* Asset sales data is also included

Credit Subsidy Information

FCRA requires that all agencies budget for the “cost” of credit programs by measuring the net present value of cash flows to and from the Government. Loans approved during the same fiscal year in the same appropriation fund are assigned to a “cohort,” which is funded by appropriations for that year. Loans may be obligated or guaranteed only to the extent Congress appropriates funds and these funds are deposited in SBA accounts at the Treasury. These funds are used as a reserve for any losses from the programs. This reserve is also reported in the preparation of SBA’s annual financial statements as required by rules promulgated by the Federal Accounting Standards Advisory Board.

Prior to the beginning of the Government fiscal year (and before any loans or guarantees are issued), SBA produces an estimate of the cost, called a “subsidy rate,” for each program by developing models that forecast annual cash flows from SBA’s programs. Extensive amounts of historical transactional loan data and accounting data are used to develop this initial subsidy rate. Upon the passage of SBA’s appropriation and authorization bills, this becomes the original subsidy rate. Once the fiscal year has been completed, and annually thereafter, the Agency produces a re-estimate that adjusts its initial estimate based on the most recent information available. Based on the re-estimate, funds are either remitted to or obtained from the Treasury for SBA’s use without the need for further Congressional action. SBA produces re-estimates for all of its major programs annually. Due to timing considerations, these are normally produced using information ending in March of the previous fiscal year and then annualized. On other programs that are not financially material, SBA produces the re-estimates on a different schedule based on different considerations.

SBA currently develops subsidy rates for the following programs on an annual basis: 7(a), 504, SBIC, Debentures and Participating Securities, and Disaster loans for home and business. Re-estimates for direct and guaranteed Microloans and other smaller programs are normally produced at least every two years.

The following table shows the latest re-estimate of subsidy rates for the 7(a) program for all cohorts originated under the requirements of the FCRA. The total subsidy cost is the sum of the components for the interest subsidy costs, default costs (net of recoveries), fees and other collections and other costs. The SBA has prepared these estimates for loan guarantees in the current year's budget for the current and past years' cohorts. Each subsidy rate represents the cost as a percentage of the direct or guaranteed loans obligated in the cohort. Tables showing the latest re-estimate of subsidy rates for other programs can be found in footnote 7R to the Principal Financial Statements.

| SBA 7(a) Subsidy Rates | | | | | |
|------------------------|-----------------------|------------------|-------------------------------------|---------|-------|
| Cohort | Original Subsidy Rate | 2003 Re-Estimate | Subsidy Rate Re-Estimate Components | | |
| Year | Total | Total | Interest | Default | Fee |
| 1992 | 4.85 | 1.92 | 0.00 | 3.39 | -1.47 |
| 1993 | 5.47 | 1.06 | 0.00 | 2.75 | -1.69 |
| 1994 | 2.15 | 1.14 | 0.00 | 2.97 | -1.83 |
| 1995 | 2.74 | 2.17 | 0.00 | 3.93 | -1.76 |
| 1996 | 2.74 | 0.74 | 0.00 | 3.83 | -3.09 |
| 1997 | 1.93 | 0.37 | 0.00 | 3.55 | -3.18 |
| 1998 | 2.14 | 0.65 | 0.00 | 3.82 | -3.17 |
| 1999 | 1.39 | 0.72 | 0.00 | 3.94 | -3.22 |
| 2000 | 1.16 | 0.54 | 0.00 | 3.78 | -3.24 |
| 2001 | 1.16 | 0.47 | 0.00 | 3.78 | -3.31 |
| 2002 | 1.07 | 0.31 | 0.00 | 4.20 | -3.89 |
| 2003 | 1.05 | 1.39 | 0.00 | 3.38 | -1.99 |

As with any estimate, the accuracy of subsidy rates can be affected by many variables, including economic conditions, legislation, credit origination and servicing policies, and various subsidy estimation methodologies and assumptions. SBA now uses a sophisticated statistical calculation that takes these variables into consideration during the life of each individual loan.

Fee income has increased over the past ten years as a result of changes in the statutory fee rates. The SBA's subsidy account is entitled to two principal fees from loan guarantees: an up-front "guarantee fee" and an annual servicing fee. Fee income is affected by many items, including the rate of prepayments, defaults and the mix in loan volumes.

During 2003, default costs were higher than previously estimated. SBA management has attributed this outcome to the effect of the economy, particularly GDP and Unemployment. Fees decreased slightly from last year because of the increase in defaults.

Fees and Charges

The SBA annually or biennially assesses user fees and other program charges in accordance with the Chief Financial Officer (CFO) Act, 31 U.S.C. 902(a)(8). Annually, the SBA estimates program revenues and charges (or costs), and these are included as part of the President's Budget. Certain fees and charges are also included in the program subsidy calculations for the President's Budget.

The SBA evaluates the sources and amounts of actual and anticipated revenues and expenses in order to calculate the subsidy rate for each program. Changes to fees and other charges can be made legislatively as part of the budget process. Each year, SBA evaluates legislative changes and other possible factors affecting revenues and expenses and recalculates the subsidy rates.

The chart depicts fees the SBA charges for its programs with a description of each fee.

| SBA Program Fees | | |
|-----------------------------|-----------------------|---|
| Program | SBA Fee Type | Fee Description |
| Financial Assistance | 7(a) and 504 | Loan servicing and guarantee fees. |
| SBIC | Leverage Fee | Nonrefundable fee payable upon commitment or draw down. |
| | Annual Fee | Annual fee paid to SBA on outstanding leverage issued on or after October 1996. |
| | Licensing Fee | Fees collected to process SBIC license applications. |
| | Examination Fee | Fees collected to perform SBIC examinations. |
| Surety Bond Guarantee | SBG and PSB | Contractor and surety fees. |
| Office of Lender Oversight | Examination Fee | Fees charged by and paid directly to SBA Contractor to assist with performance of PLP 7(a) lender reviews |
| Small Business Publications | Publications for Sale | Amounts collected with publication orders. |

Federal Financial Management Improvement Act (FFMIA)

As part of the Agency's financial statement audit, the IPA reported for FY 2001, FY 2002 and again for FY 2003 that the SBA is not in compliance with the systems, accounting and SGL requirements under FFMIA.

SBA Remediation Plan**Tracking number:** FFMIA-03-02**Title of Noncompliance:** Financial Systems, Financial Reporting and SGL

SBA is not in substantial compliance with Federal financial management system requirements, because:

- Its core financial system was not able to provide complete, reliable, timely, and consistent financial management information on programs to enable management to fulfill its responsibility to the public and provide timely financial information for preparing financial statements and footnotes and managing current operations, as required by OMB Circular A-127, Financial Management Systems. (SBA Management Did Not Meet Milestone Dates And Required Excessive Time To Address Audit Questions)
- Access control, segregation-of-duty, and other general-control weaknesses existed, which will be described in the Office of Inspector General report titled Audit of SBA's Information System Controls, FY 2003. (Agency-Wide Information Systems Control Environment)
- Security weaknesses and nonconformances with OMB Circular A-130, Management of Federal Information Resources, continued to exist in certain major applications and general support systems. (Agency-Wide Information Systems Control Environment)
- SBA maintained insufficient funds control over obligations entered via journal voucher in the Financial Reporting Information System (FRIS). (Antideficiency Act Control Needs Improvement)

SBA was not in substantial compliance with Federal accounting standards, because it:

- Could not support the valuation of subsidy-related balances for the Disaster Assistance, 504, Small Business Investment Company, Participating Security and Section 7(a) loan programs. (Procedures to Identify and Explain Unusual Subsidy Balances)
- Improperly reversed prior-year audit adjustments, misstating current-year budgetary collection and disbursement activity. (Invalid Budgetary Pro-Forma Entries)
- Overstated loan and administrative undelivered orders at September 30, 2003, when it failed to deobligate unneeded obligations and properly accrue for goods and services received as of September 30, 2003. (Monitoring Undelivered Orders)
- Improperly valued the entry to realign subsidy costs from the consolidated balance sheet line item Liabilities for Loan Guarantees to Credit Program Receivables and Related Foreclosed Property, Net for defaulted guarantee loans. (Subsidy Realignment Entry)
- Recorded invalid budgetary transactions based upon improper budgetary posting logic for asset-sale administrative costs and liquidating fund transactions. (Invalid Budgetary Pro-Forma Entries)
- Improperly recorded Disaster Assistance program subsidy re-estimates. (Disaster Re-estimate Misstated)
- Disclosed insufficient detail about prior-period adjustments and credit subsidy matters. (Inadequate Disclosures Associated with FY 2002 Restatements)

SBA was not in substantial compliance with the United States Government SGL at the transaction level, because:

- Its combined statement of budgetary resources reflected line item misstatements resulting from failure to record Federal Financing Bank repayment transactions in accordance with SGL criteria. (Invalid Budgetary Pro-Forma Entries)

- SBA's program for posting budgetary transactions to FRIS (known as "Budget Proforma") which is based upon proprietary and memorandum events in the Loan Accounting System, recorded numerous transactions that did not comply with SGL posting logic. (Invalid Budgetary Pro-Forma Entries)
- SBA's automated transaction code used to record default payments to guarantee lenders, improperly recorded purchased interest as contra revenue instead of an expense. This treatment understated program revenues and expenses. (Inadequate Control Over Accounting Entries Related To Transaction Code 195)
- SBA recorded invalid recoveries of prior-year obligations and obligations incurred as the result of conversion problems from its Federal Financial System to its current Oracle-based administrative accounting system. (Monitoring Undelivered Orders)

FFMIA Remediation Plan Update

The FFMIA non compliance is also related to the "qualified" compliance with the Federal Managers Financial Improvement Act (FMFIA) found in the Administrator's FY 2003 FMFIA Statement of Assurance. The following plan addresses the FFMIA and FMFIA reported weaknesses.

| FFMIA Remediation Plan FY 2003 | | | |
|---|-------------|--|--|
| Corrective Actions | Target Date | Status | Project Lead |
| Transition reporting function from DC to Denver | 1999 | Complete – FY 99 financials completed by DFC. | Director OFA, Director DFC |
| Implement new administrative accounting system (Oracle) | 2001 | Complete – JA2MS implemented 10/1/01. | Director, DFC, OCFO |
| Implement quality assurance function and flux analysis process | 2000 | Complete – First used in FY 2000 with Admin. data and the FY 2000 financials. | Director, DFC, OCFO |
| Reinvent financial reporting process using new Combined General Ledger application | 2000 | Complete – CGL/FRIS implemented for FY 00 reporting. | Director, OFS, OCFO |
| Meet Government standards for internal controls | 2000 | Complete – COSO internal control system implemented in FY 2000. | Director, OFA |
| Automate monthly recurring journal vouchers | 2001 | Complete – Implemented in FY 01 – Maintenance ongoing. | Director, OFS, OCFO |
| Automate manual reporting processes | 2001 | Complete – Automated JV's implemented in 2001. | Director, OFS, OCFO |
| Improve reliability of data produced by the reporting system | 2002 | Ongoing – QA of loan and admin. data ongoing, Review accounting proformas. | Director, DFC, Director OFA |
| Improve Credit Subsidy Estimation and Accounting to eliminate unnatural balances in funds/cohort. | 2004 | Ongoing – Accounting by cohort to be reviewed, Disconnect of finance interest expense and subsidy discount rate to be resolved | Director OFA, Director DFC, Director OFA |
| Reduce errors in the preparation of initial financial statements | 2004 | Ongoing – Quarterly statements, Reporting resources and organization, QA enhancement, FY 2003 lessons learned, 04 reporting schedule | Director, OFA, Director, DFC |
| Implement ORACLE 11i | 2004 | Ongoing – Planning underway for Spring 04 implementation | Director OFS, Director DFC |

Long-term Objective 4.4

Information and related technology will be managed effectively and securely through SBA leveraging data and systems to support program execution and promote cost efficiency.

Discussion of Program Performance in FY 2003

Program Support

In support of the SBA Workforce Transformation Initiative and 7(a) Purchase Centralization Pilot, OCIO developed a web-based system to track the purchase activities of guaranteed loans. OCIO also converted the 7(a) subsidy model from SAS to JAVA code and automated the re-estimation capability. The Guaranty Purchase Tracking System (GPTS) replaced numerous field office tracking systems, and the mainframe Guaranty Loan Purchase System. GPTS includes new functions, such as tracking the post-purchase review of loans acquired from the secondary market. OCIO created a desktop application "Guaranteed Loan Portal" which provides the field offices the ability to monitor Guaranty loans for overdue fee payments and automates sending notices to the lenders for fees due to SBA. This allowed the Office of Financial Assistance a faster and more efficient way to identify loans with outstanding fees resulting in improved collections.

In FY 2003, the Agency implemented the MicroLoan Improvement Project (MPERS). This project was designed to integrate four Sybase applications into a single internet based system available to all users. It reduced the need for duplicate data entry in multiple systems and offers improved reporting. SBA implemented a web-based system for Certified Development Companies (CDC, SBA's 504 lenders) to access the CDC office's Management Reports.

SBA is increasing its ability to obtain client data to make programs more effective and customer-centric. In support of this effort, the Office of Entrepreneurial Development in partnership with the Office of the Chief Information Officer completed Phase I of the Entrepreneurial Development Management Information System application. The EDMIS is a centralized web-based tracking and reporting system that allows the OED program offices and SBA resource partners the ability to key in or upload information on training and counseling activity. This system is connected to the SBA Scorecard and incorporating SCORE counselors' uploads to the system.

Upgraded the SBA Execution Scorecard application and created a video training module that was delivered via Internet and CD. The training was conducted by the Deputy Administrator and Washington District Office Director. The Execution Scorecard is an on-line performance measurement system that allows Headquarters and field offices to input strategic and production goals, as well as the projects that will lead to their achievement of performance measures.

SBA's Freedom of Information Act (FOIA) tracking system was upgraded in FY 2003. The Agency replaced the SBA headquarters' legacy FOIA tracking system with a web based application that is used by all SBA offices with appropriate security. In addition to the security enhancements, the revised FOIA system has several new capabilities resulting in improved performance.

SBA established the Office of E-Government to provide strategic planning, management and oversight of all SBA e-government programs, and focus the Agency's e-government efforts on the needs of America's small businesses.

IT Infrastructure

Rapid recovery from system downtime impacts the efficiency of managing SBA systems used to deliver services to small businesses. SBA implemented services enabling real-time online backup and data recovery for the LAN/WAN, via Iron Mountain and Live Vault. Live Vault is an online backup/recovery service operating 24 x 7 to ensure that networked data remain available and recoverable. In a catastrophic disaster, Live Vault and Iron Mountain provide recovery services from either SBA servers or a remote data vault. Network operating systems for all file servers in SBA's Windows 2000 environment are backed up twice daily.

Recognizing the power of technology in service delivery, SBA completed more than 95% of our systems migration to Microsoft's Windows 2000/Office XP office automation platform. OCIO also replaced remaining computers not meeting the minimal standard for Windows 2000/Office XP operations. By doing so, the Agency has given our employees powerful tools to aid them in maintaining and strengthening the Nation's economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from National disasters.

Internal and external threats to enterprise systems are a daily occurrence in the information technology age, the consequence of which can be disastrous. To protect our information systems, SBA implemented Microsoft's E-Policy for server and desktop virus protection management and reporting, enabling network staff to verify that PCs and servers are running current anti-virus software. The Microsoft Windows 2000 distributed file system was used to deploy security hot fixes, patches and anti-virus engines to all Agency workstations.

Every state has at least one SBA district office, with multiple resource partners to support the needs of the small business community. Our information technology system is linked via a wide-area network (WAN). During FY 2003, SBA's WAN was upgraded by replacing 93 obsolete routers and updating related operating system software. Also, 134 Cisco Switches were configured and installed in 63 SBA field offices, replacing obsolete "concentrator" technology.

In 2000, public law 106-346 §359 required agencies to establish a policy allowing employees to telecommute to the maximum extent possible. In support of SBA's telecommuting initiative and other remote access needs, in FY 2003, OCIO transitioned over 1,000 remote users to a VPN System. SBA's Internet traffic was also re-routed through a commercial data center to relieve network congestion and to improve throughput for speedier and more reliable network performance.

During FY 2003, SBA resolved a dispute with MCI WorldCom over errors in FAX billings. SBA received a credit for over \$408,000. In addition, OCIO was able to reserve funds for two key telecommunications projects that will begin in FY 2004. The first project is a telecommunications audit to identify specific steps to reduce overall telecommunications costs. The second focuses on purchase of managed teleconferencing services from a commercial vendor to provide SBA with scalable, flexible and reliable 24 hour 7 days a week teleconferencing capabilities. Successful implementation of these two projects will allow SBA to save taxpayers money while increasing our communications options.

Records Disposition

During FY 2003, SBA received approval of records disposition schedules for six electronic information systems from the National Archives and Records Administration (NARA). NARA is currently reviewing 18 additional schedules for electronic information systems.

Internet & Intranet

During FY 2003, OCIO worked to make the SBA internet and intranet more user-friendly. This was achieved by completing Phase I of SBA website redesign rendering information in a new "customer perspective" orientation based in part on usability test results. A new GIS mapping system to help citizens locate SBA-sponsored lending and counseling resources in a local area, including street address, driving directions, hours of operation, etc was completed. OCIO created a new website

area for business forms, listing over 90 forms and links to additional Federal and commercial forms aimed at small businesses. OCIO redesigned initial levels of the SBA Intranet Site to provide quicker access to key information and tools for the SBA workforce. OCIO also created a number of web-based video presentations for senior Agency management; equipped a small video facility to quickly and effectively produce multi-media materials. Finally, OCIO delivered many web-based customer-satisfaction surveys, both internally and to the public for measuring success of SBA programs and services.

Office Automation & Customer IT Support

In support of SBA customers, during FY 2003, OCIO responded to approximately 7,000 Help Desk calls in desktop applications, such as MS Word, Outlook, Excel, Access and SBA tailored applications. During the same year, OCIO installed an improved software suite to support Help Desk operations. This office delivered more than 127 courses using internet and e-mail based remote training, and through classroom courses. In addition, more than 14,000 web-based course modules were used by more than 1,040 staff during the year. OCIO completed a web-based training module to provide training for SBA employees on electronic records management for e-mail users. In addition, OCIO produced several automated tools for the SBA workforce using standard office automation software. Finally, OCIO created a database of relevant information for SBA telecommuters and to support the Office of Human Capital Management in their telecommuting oversight role.

IT Practices & Management

Recognizing the importance of planning and management practices, OCIO updated its strategic plan and began monitoring and enforcement of SBA's System Development Methodology (SDM). OCIO conducted quality assurance reviews of SDM compliance on selected systems prior to release to production. OCIO published Enterprise Architecture (EA) Policy & Procedures to govern EA activities. The Administrator issued a directive requiring EA compliance for all IT projects. Completed updating the EA to include revised business, data, and application models and a technology refresh. This office implemented a project tracking system associated with selected contract work. OCIO, along with a contract partner developed a web-based initial IT investment screening tool to be used to assess the feasibility of prospective IT investments prior to conducting full scale IT capital planning analysis. This tool will be implemented during FY 2004. SBA successfully transmitted FY 2004 information technology budget and exhibits to OMB. SBA was one of only five agencies to do so. In the area of system vulnerability tracking and monitoring, IT Security began using INFOSEC Management Database to track key milestones data and prepare annual reports.

SBA's Certification and Accreditation (C&A) process requires a System Security Plan, Risk Assessment and Security Test and Evaluation (ST&E) plan for each applicable system. This includes technical and non-technical assessments establishing the extent to which a system meets specified security requirements for its task and operational environment. During FY 2003, SBA accomplished or showed progress in certifying and accrediting the systems below:

| System Certification & Accreditation Status | |
|--|--------------------|
| System Description | Status |
| Credit Bureau Reporting System (CBRS) | Signed |
| Field Cashiering System (FCS) | Signed |
| Fresno Action Track | Signed |
| General Ledger Only (GLO) | Signed |
| Hazard LOWDOC loan application center | Signed |
| Historical Under Utilized Business Zone (HUBZONE) | Signed |
| IRS 1099C Reporting System | Signed |
| Joint Accounting & Administrative Management System (JAAMS) | Signed |
| Little Rock District Office and Commercial Loan Service Center | Signed |
| Partner Identification and Management System (PIMS) | Signed |
| Pay.Gov | Signed |
| Preferred Lender Program | Signed |
| Sacramento LOWDOCS loan application center | Signed |
| SBA Mainframe – GSA/Unisys | Signed |
| Sybase DB Server | Signed |
| 7(a) and 503/504 Loan Program Service Agent | Signed |
| SBA LAN/WAN | Signed |
| Microloans Data Entry | Signed |
| Pre-Authorized Debt System (PADS) | Signed |
| Denver Office of Financial Systems: IT Infrastructure | Awaiting Signature |
| Denver Office of Financial Systems: Loan Accounting | Awaiting Signature |
| Denver Office of Financial Systems: Print Process 1201 | Awaiting Signature |

OCIO conducted site visits to selected SBA offices and other locations to verify their suitability for relocated SBA HQ personnel, in event of a disaster. Business Review Processes (BPRs) for all SBA regional and district offices have been completed and loaded into a business recovery application hosted by a commercial contractor. The application is a web-based management tool that assists in keeping the plans current. Recovery plan owners can access and update their unit's plan as needed.

Agency-wide drafts of Continuity of Operations Plan (COOP) were put into Agency clearance in Q4 2003. These provide policy and guidance to ensure the delivery of mission critical functions in the event of a service disruption. A three day COOP exercise was conducted in March 2003. During the exercise, several persons were relocated on short notice from HQ offices to alternate regional locations where they worked for three days. The three field locations had developed Site Support Plans outlining how they would handle the relocated HQ Staff members during a recovery operation. Lessons learned from the exercise have been incorporated into the COOP and the local offices' BRPs.

SBA's Continuity of Operations Plan (COOP) was finalized and implemented in Q4 2003. This provide policy and guidance to ensure the delivery of mission critical functions in the event of a service disruption. A three day COOP exercise was conducted in March 2003. During the exercise, several persons were relocated on short notice from HQ offices to alternate regional locations where they worked for three days. The three field locations had developed Site Support Plans outlining how they would handle the relocated HQ Staff members during a recovery operation. Lessons learned from the exercise have been incorporated into the COOP and the local offices' BRPs.

Computer Security Training Program

Directives were issued reinforcing the mandatory computer security end-user training requirement. During FY 2003, 84% of employees and contractors had completed the training. Related training aimed specifically at various classes of field-based IT employees was also made available and had been completed by 73% of eligible staff.

Long-term Objective 4.5

Procurement and contracting services will be planned and managed to support SBA program management and the achievement of the Agency's goals.

Discussion of Program Performance in FY 2003

Achievement of this objective focused on completing the competitive sourcing activities described below:

Following OMB's Circular A-76 guidance, SBA began conducting streamlined and standard competitions to introduce private sector competition to certain activities the Agency performs, resulting in increased efficiency and effectiveness of operations. This competition process includes SBA's development of performance-based work statements; development of in-house Most Efficient Organization (MEO) proposals; comparison of the MEOs with private sector proposals; and selection of the best proposal to provide the commercial activity into the future. During FY 2003, SBA updated its FAIR Act inventory, which now shows that 2,402, or 66%, of its FTEs are devoted to performing commercial activities that could be subjected to competitions. This compares to 2,905 FTEs reported in FY 2002.

SBA established an infrastructure to support the conduct of competitions that includes: (1) hiring an expert consultant to provide overall guidance and support to our conduct of competitions (individual task orders will be required to support specific competition projects); (2) designated SBA's Associate Deputy Administrator for Management and Administration as our Acting Competitive Sourcing Official; (3) established a Competitive Sourcing Support Committee, comprised of representatives of our Offices of Chief Financial Officer, Chief Information Officer, Chief Human Capital Officer, General Counsel, and Administration to provide internal support to the competition process; and (4) provided OMB Circular A-76 training.

During FY 2003, SBA calculated economic savings to taxpayers in the amount of \$1.6 million to be realized over the next five years by completing three streamlined competitions involving the Office of Disaster Assistance (ODA). The Agency completed a streamlined competition for nationwide clerical assistance (80 FTEs); customer service representatives (102 FTEs); and Disaster Area III mail room center operations (8 FTEs). SBA issued three requests for proposals for these commercial activities performed by our four Disaster Area Offices. A committee comprised of managers from each of the Area Offices conducted a technical evaluation of the proposals received. Using the "COMPARE" software required by OMB Circular A-76, the Agency compared the cost of the private sector proposals with our current in-house costs. The resulting performance decisions made determined that ODA's clerical services should be transferred to a private sector contractor, and the mail-out center and nationwide customer service representative activities should be retained in-house. A contract to provide the clerical services was awarded to Personnel Services Inc, on December 30, 2003.

In addition, on September 30, 2003, SBA announced its intent to conduct streamlined competitions for its nationwide paralegal support provided in our field offices involving about 38 FTEs as well as for Small Business Investment Companies (SBIC) examinations involving about 26 FTEs. These two streamlined competitions have also been completed with performance decisions made on December 30, 2003. The paralegal activities will be retained in-house, while the SBIC examination activities will be transferred to a private sector contractor. These two competitions result in an additional calculated economic savings to the taxpayers of \$2.7 million to be realized over three years.

Finally, on December 31, 2003, SBA announced its intent to conduct two standard competitions for its Office of GC/BD application processing and review activities in the 8(a), Small Disadvantaged Business and Hubzones programs involving about 80 FTEs, and the Office of EEO & CRC compliance review activities involving about 10 FTEs. Performance decisions on these two additional competitions are anticipated by September 30, 2004.